FINANCIAL TIMES

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WORLD NEWS

Two dead, 60 hurt in train crash

Two people were killed and 60 injured when two high-speed inter-city trains carrying 400 passengers collided at a remote junction in Staffordshire.

The 5.20 pm Liverpool to London Euston and 5 pm Euston to Manchester trains collided at Colwich Junction, between Stafford and Rugeley at 6.30 pm, wrecking 10 carriages.

One of the dead was the driver of the Liverpool to London train. The other was believed to be a passenger.

Colwich is the junction between two fast main electrified routes.

Reagan in direct protest on Daniloff

President Reagan met Soviet Foreign Minister Eduard Shevardnadze in Washington to protest at Moscow's refusal to allow US journalist Nicholas Daniloff to return home.

The unscheduled meeting was the highest level US-Soviet encounter in 10 months. Page 2

Jet deaths 'accidental'

The jury at the inquest into the Boeing 737 fire at Manchester Airport returned verdicts of accidental death on the 55 victims, but urged improvements in safety precautions on UK-registered airliners. Page 4

Arms agreement close

Delegates at the Stockholm disarmament talks stopped the clock on the 35-nation conference to buy more time, but they were confident they could clinch the first East-West arms control agreement. Page 2

Chernobyl cost £2bn

The Soviet Union has put the total cost of the Chernobyl nuclear power accident at 2bn roubles (£2bn) including the loss of the destroyed reactor. Page 2

Nirex enters site

Contractors working for the Government nuclear waste agency Nirex gained access to a test drilling site at South Killingholme, Humberside, 24 hours after a High Court injunction was served against some of the protesters.

Falklands funeral visit

The father of an Argentinian airman killed in the Falklands conflict has been given permission to attend his son's funeral there after four years.

Boesak case postponed

The hearing of a subversion charge against South African anti-apartheid campaigner Allan Boesak, president of the World Alliance of Reformed Churches, was again postponed

Typhoon kills six

Six people died and three were injured when typhoon Abby swept across Taiwan, closing Taipei's international airport and disrupting road and rail transport.

Three killed in riots

Three people were killed and 12 injured as widespread Moslem-Hindu rioting and arson flared again in the western Indian city of Baroda in Gujarat state.

Cheques check

Opposition spokesman for trade Bryan Gould called on Mrs Thatcher to explain why she had cashed cheques for 65p sent to her by pensioners angry at the small increase in their pensions.

Sutch celebration

Screaming Lord Sutch celebrated 23 years as Monster Raving Loony Party leader and announced a recruitment drive for candidates for the next general election.

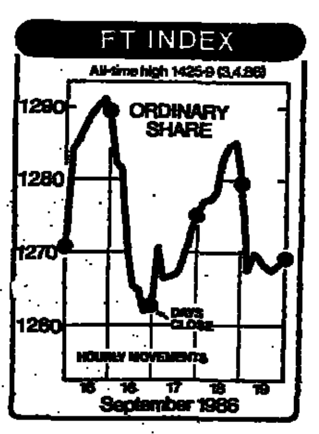
BUSINESS SUMMARY

IMF chief plans to stand down

Mr Jacques de Larosiere, managing director of the International Monetary Fund is planning to announce his resignation imminently, a senior European monetary official said last night. The official said that Mr de Larosiere was planning to stand down for personal reasons. European governments are considering Mr Herman Ruding, the Dutch Finance Minister and chairman of the IMF's policy making interim committee to take over the senior post.

GREEN POUND: UK wants a devaluation of the notional currency used to translate Common Market support prices for farm produce into sterling, to boost the income of livestock farmers. Back Page

LONDON equities traded nervously amid fears of higher bank base rates. The FT Ordinary Share index was down



10.5 at 1,269.1, with a drop of only 1.8 on the week despite wide daily swings. Page 13

SMITH & NEPHEW, UK medical and healthcare company, is to acquire Richards Medical of the US, medical products maker, for $283.9 (£192m). It is Smith & Nephew's biggest purchase. Back Page and Lex

UNIT TRUST sales so far this year have surpassed the total for 1985, itself a record. Sales by the end of August were £5.36bn, compared with £4.5bn last year, with August's figure a monthly record of £690.9m. Back Page

BRITISH AIRWAYS' planned purchase of 16 Boeing 747-400 jets for $2.3bn (£1.59bn) will be financed by five international banks led by National Westminster, who snatched the business from a group headed by Goldman Sachs, US investment bank. Back Page

SCHRODERS, merchant banking group, will sell its life assurance business and linked unit trust operation to National Mutual Life Association of Australasia for £99m. Back Page

ARGENTINA's Central Bank said it had uncovered a $110m (£74.8m) fraud by the Alas private bank, which manipulated government-backed export finance. Page 3

BHP, Australia's largest company, reported first quarter net profits down 40 per cent at A$182.4m (£77.9m), blaming low oil prices and a consequent lack of production. Page 11

RAYMOND MIQUEL, former chairman of Arthur Bell, Scotch whisky company, will become chairman and chief executive of Belhaven, Dunbar-based brewery. Page 10

TAKEOVER PANEL is expected to rule next week on the circumstances surrounding Turner & Newall's failed bid for AE. Page 10

TRADE MINISTERS were still not agreed on the terms of a new round of talks under the General Agreement on Tariffs and Trade (Gatt) with less than 24 hours left of their meeting in Punta del Este, Uruguay. Back Page

Howe to meet ANC leader today for talks on South Africa

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

SIR GEOFFREY HOWE, the Foreign Secretary, is to have talks today in Britain with Mr Oliver Tambo, the president of the African National Congress, the nationalist organisation banned in South Africa.

This will be the highest-level meeting between a British government minister and an ANC representative. The Foreign Office regards it as a welcome and potentially significant development in its stalled efforts to bring about a negotiated settlement to the crisis in South Africa.

There are as yet no plans for further talks after today but the government will be keen to maintain dialogue with the ANC if the meeting proves at all fruitful.

Mr Tambo, with several other black nationalist leaders, failed to take up Sir Geoffrey's invitation for talks during his two visits to southern Africa in July. He said that, although he would be "honoured" to have discussions with Sir Geoffrey, he did not wish to meet in the context of the Foreign Secretary's mission or before the meeting of seven Commonwealth heads of government held in August in London.

However, Mr Tambo did talk in June with Mrs Lynda Chalker, a junior Foreign Office minister. The foreign office said last night that it had always expected a further meeting and that today had proved the most convenient date. The discussions are expected to last about an hour and will be held at Chevening, in Kent, Sir Geoffrey's official country residence.

There is no fixed agenda but Sir Geoffrey will be keen to convey the British government's continuing determination—despite the collapse of its diplomatic initiative and the imposition of various economic measures against South Africa—to achieve a dialogue between Pretoria and black leaders.

The Foreign Secretary will spell out the grounds for the government's steadfast opposition to the imposition of comprehensive, punitive sanctions against South Africa, for which the ANC has repeatedly called. He is expected to emphasise the belief that full sanctions would hit the black population of South Africa hardest and could foment more violence.

Sir Geoffrey will also be acting as leader of the European Community's diplomatic efforts to find a solution in South Africa, the mandate for which from the EEC has just over another week to run.

The Community agreed on Tuesday a package of economic sanctions against South Africa, including a ban on the imports of its iron, steel and gold coins, and on new investment there by EEC companies. It dropped plans for an immediate embargo on imports of South African coal.

Anthony Robinson writes from Johannesburg: The refusal by Mr Tambo and other ANC leaders to meet Sir Geoffrey during his southern African tour was not to snub him but to underline the ANC's anger at Mrs Margaret Thatcher's anti-sanctions stance. The ANC's refusal to have anything to do with the Foreign Secretary was matched by the United Democratic Front and other anti-

Continued on Back Page
Strike poll for S African miners, Page 2

Money markets steadier but US bonds fall

BY GEORGE GRAHAM AND PHILIP STEPHENS

FINANCIAL MARKETS steadied yesterday after a week's hectic trading had pushed the West German D-Mark up sharply against other major currencies. However, the US bond market fell heavily and gold prices surged once again, reaching a three-year record of $436 an ounce.

The atmosphere in the markets remained tense as investors watched nervously for the next move in the war of words between West Germany and the US over interest and exchange rates which triggered the D-Mark's sharp rise.

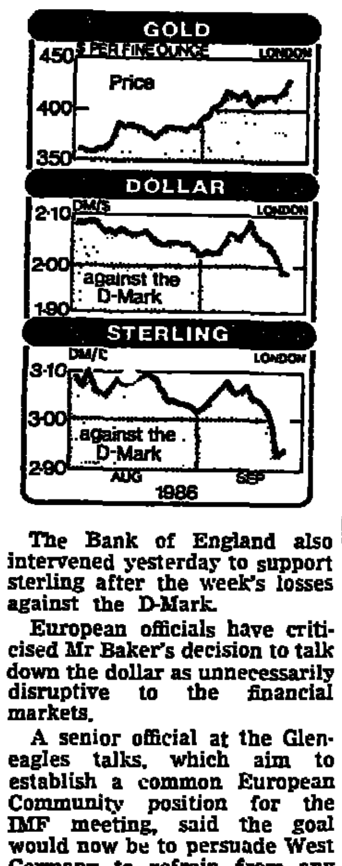
The conflict began when Mr Karl Otto Poehl, president of the Bundesbank, made clear in an interview with the FT that he had no intention of lowering West German official interest rates. Mr James Baker, US Treasury Secretary, reacted sharply by saying the dollar would then have to fall further.

Currency dealers took Mr Baker at his word, and other European currencies were caught in the wash as the dollar dropped rapidly against the D-Mark breaking through the DM 2.00 barrier.

EEC finance ministers and central bankers, meeting in Gleneagles, Scotland, were last night seeking to cool tempers on both sides of the Atlantic before the annual meeting of the International Monetary Fund in Washington next week.

Some European central bankers have been concerned at the upheaval in the currency markets created by West Germany's public refusal to accede to American presure for lower interest.

French and Italian central banks are thought to have been forced to intervene to defend their currencies' positions within the exchange rate mechanism of the European Monetary System, and the Danish krone has spent the week straining at its lowest permitted limits in the mechanism.



The Bank of England also intervened yesterday to support sterling after the week's losses against the D-Mark.

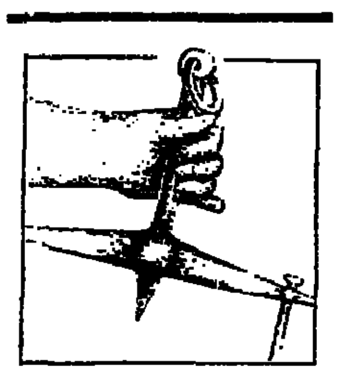
European officials have criticised Mr Baker's decision to talk down the dollar as unnecessarily disruptive to the financial markets.

A senior official at the Gleneagles talks, which aim to establish a common European Community position for the IMF meeting, said the goal would now be to persuade West Germany to refrain from any further public disputes with Washingto nin the hope that the atmosphere would improve before the finance ministers of the Group of Five leading industrial nations gather on Friday next week.

The pound settled into its new trading range after the plunge earlier in the week which took it 10 pfennigs lower against the D-Mark in two days. It regained 1 pfennig yesterday to close in London at DM2.94,

Continued on Back Page
Editorial Comment, Page 8
Money Markets, Page 11
Britain seeks green pound devaluation, Back Page

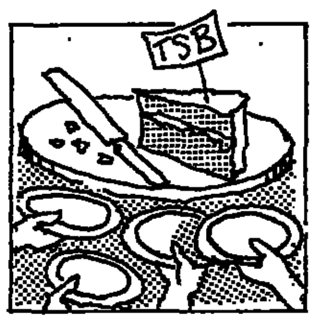
WEEKEND FT



JUSTICE

Everyone agrees that delays in English courts are intolerable. Judges blame lawyers. Lawyers blame the system. Is there any respite in sight?

Page I



FINANCE

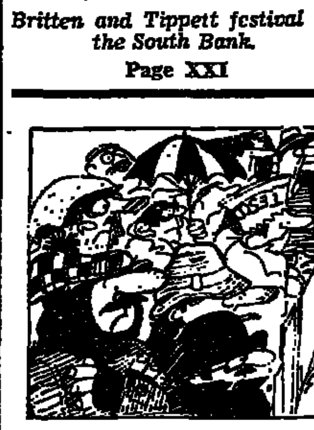
The TSB launch. Questions and answers.

Page VII

THE ARTS

Britten and Tippett festival on the South Bank.

Page XXI



SPORT

Soccer: are league fans being short-changed?

Page XXII

Mitterrand backs Chirac drive against terrorism

BY PAUL BETTS IN PARIS AND PATRICK BLUM IN VIENNA

PRESIDENT François Mitterrand gave the French conservative Government his full backing in its anti-terrorism drive on his return yesterday from an official visit to Indonesia.

Last night he held emergency talks with Mr Jacques Chirac, the Prime Minister, and Mr Charles Pasqua, the Interior Minister, following the wave of terrorist violence which has shaken the country during the past fortnight.

France's main political parties on the right and left endorsed the Government's hard-line policy, which includes the requirement for all foreigners, except EEC and Swiss citizens, entering France to secure visas.

There are heavily armed police patrols on the streets of Paris and spot searches on members of the public are being carried out.

European conservative parties meeting in Vienna for the annual conference of the European Democratic Union also gave their backing to the French Government's tough stand against terrorism.

Mr Norman Tebbit, chairman of Britain's Conservative Party, forcefully defended the French measures.

"I hope if anyone of us is at any moment inconvenienced at a frontier, or indeed within our own country by the necessity to combat the terrorist menace, we will consider that a small price to pay for the saving of the lives, perhaps of our own children."

French public opinion polls published yesterday confirmed that the majority of the country also backed the government's stand. One poll in Le Figaro showed that 73 per cent of the French approved the government's action while 75 per cent believed France was at war against the terrorists.

Despite this political and public consensus, there continues to be doubts over the apparent difficulty so far of the French security forces to make any significant headway in their investigation of the terrorist attacks. The worst of these was on Wednesday, when a bomb at a Paris store killed five people and injured more than 50.

The police forces insisted again yesterday that they were looking for the three brothers of Ibrahim Abdallah, the leader of the Lebanese Armed Revolutionary Faction currently imprisoned in France, as prime suspects in the latest Paris bombings.

They issued a fresh appeal for information about Abdallah's brothers and a number of other suspects despite the denials from Abdullah's brothers in Beirut that they were involved in the bombings.

Mr Chirac has offered no public explanation on whether the terrorist violence was the work of a small extremist group or was linked with a wider conspiracy against France's presence in the Middle East.

The United Nations security council was meeting again in New York yesterday at France's request after the assassination on Thursday of the French military attache in Beirut. France has become increasingly worried over the security of its contingent in the UN peace-keeping force in southern Lebanon after recent attacks against its soldiers.

These concerns were underlined last night when five French soldiers were wounded in a rocket attack from unidentified "armed elements."

Although Mr Chirac has so far ruled out the withdrawal of French soldiers from the UN force, he has been under pressure to consider such a move. He is expected to hold talks in New York next week with Mr Javier Perez de Cuellar, the UN secretary general, when he attends the opening of the UN general assembly.

Mr Perez de Cuellar said yesterday he could not recommend withdrawal of the UN Interim Force in Lebanon. In a report to the security council, he said Israel had to be pressed to withdraw from its "security zone" in Lebanon.

Man in the News: Jacques Chirac, Page 8

The battle for Allied

Saatchi was hunting for quotes to use in defence publicity. Could friendly brewers or customers be found who could sing Allied's praises to some journalist? "If we can get it into editorial first, then we can pick it up later for use in ads without its appearing to be hyped," Michael Dobbs (director of Saatchi & Saatchi), explained.

When it was launched last October, the £1.8bn Elders IXL bid for Allied Lyons was the biggest in Britain's history.

Between the bid and its reference to the Monopolies Commission in December, Allied fought to escape the Australian predator. The British company also allowed the FT's Christopher Parkes to sit in on dozens of secret strategy sessions. His report offers a unique insight into a remarkable corporate drama.

Now that Elders has withdrawn, the FT plans to publish the story next Wednesday, Thursday and Friday.

Peps look set for cool reception

BY ERIC SHORT

GOVERNMENT PLANS announced in the last Budget to promote wider share ownership are likely to receive a cool reception when they come into effect in January, according to an opinion poll carried out by Gallup.

The poll into the attitudes of savers and investors showed that only a little more than a quarter of the 976 people interviewed were sure "with a bit of prompting" they had heard of Personal Equity Plans, which will allow each person to invest up to £2,400 a year tax-free in shares.

The "real shock" was that only 1 per cent of participants in the survey would definitely invest under the shares scheme, although a further 5 per cent said they would "probably" do so. Another 10 per cent thought they might put their money into Peps.

The survey showed that about one adult in seven holds shares directly — about twice as many as those investing in unit trusts. In both cases, the biggest investors are those in the 45 to 64 age group, where disposable income is highest.

The poll showed considerable interest among the public in the forthcoming flotation of the Trustee Savings Bank. While only 5 per cent of the sample said they would definitely buy shares, a further 9 per cent said they would probably seek to invest, and another 9 per cent said they might.

"The TSB should easily get the million shareholders they want," the poll said. "The issue will be popular with the enthusiastic young as well as the moneyed middle aged."

The poll forecast a good reception as well for the British Gas flotation, with 10 per cent indicating that they would definitely or probably buy shares. However, potential investors were likely to be "much less cheerful about British Airways."

There was widespread approval among the people interviewed for the expanded operations planned next year for building societies. Four out of five people want building societies to be able to give personal loans, and seven out of 10 approve of societies being able to sell houses as well as giving mortgages.

In addition, 64 per cent of the sample approved of building societies being able to act as agents to sell stocks and shares.

The survey also showed a growing financial awareness among young people with 70 per cent in the 16 to 24 age group holding a bank account, and nearly 60 per cent having a building society account.

Copies of the report from Gallup, 202 Finchley Road, London NW3 6BL. Price £200.

Unit trust sales soar, Back Page
TSB launch questions, Page VII

MARKETS

DOLLAR	
New York	
DM 1.9855 (1.9875)	
FFr 6.5055 (6.5125)	
SFr 1.6055 (1.60575)	
Y151.95 (153.55)	
London:	
DM 1.992 (1.99)	
FFr 6.525 (6.52)	
SFr 1.61 (same)	
Y152.25 (153.6)	
Dollar index 108.9 (109.1)	
Tokyo close Y153.6	
US LUNCHTIME RATES	
Fed Funds 5⅜% (5⅜)	
3-month Treasury Bills: yield: 5.38% (5.35)	
Long Bond: 93¼ (94¾) yield: 7.82% (7.71)	
GOLD	
New York: Comex December $441 (422.6)	
London: $430 (419.75)	
STERLING	
New York $1.4755 (same)	
London: $1.476 (1.4725)	
DM 2.94 (2.93)	
FFr 9.63 (9.6025)	
SFr 2.3775 (2.37)	
Y224.75 (226.0)	
Sterling index 69.6 (69.4)	
LONDON MONEY	
3-month interbank: closing rate 10⅛% (10⅛)	
NORTH SEA OIL	
Brent 15-day October (Argus) $14.10 ($13.75)	
STOCK INDICES	
FT Ord 1,269.1 (−10.5)	
FT-A All Share 790.73 (−0.7%)	
FT-SE 100 1,600.4 (−13.8)	
FT-A long gilt yield index: High coupon 10.2 (10.19)	
New York: DJ Ind Av 1,762.51 (−11.67)	
Tokyo: Nikkei 17,523.45 (+45.1)	

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France FFr 8; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden Skr 7.00; Switzerland SFr 2.20.

CONTENTS

For London market and latest share index 01-246 8026; overseas markets 01-246 8086

OVERSEAS NEWS

Reagan makes protest to Shevardnadze on Daniloff

BY STEWART FLEMING, US EDITOR IN WASHINGTON

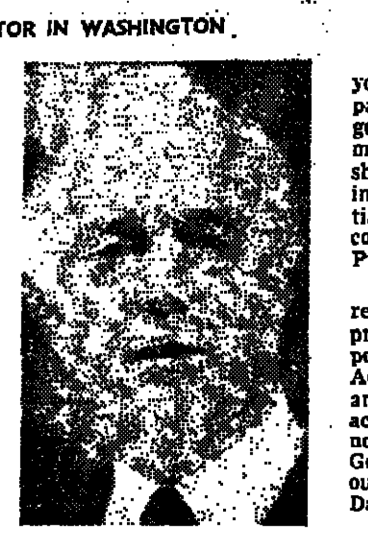
PRESIDENT Ronald Reagan held an unscheduled meeting with Mr Eduard Shevardnadze, the Soviet Foreign Minister, in Washington yesterday to protest Moscow's refusal to permit Mr Nicholas Daniloff, the American journalist, to return freely to the US.

The midday meeting seemed designed to impress both the Soviet Union and the Administration's right-wing critics at home with how seriously the Administration views the Daniloff affair.

In a statement after the meeting the White House said: "The President met with Soviet Foreign Minister Shevardnadze to convey the strength of his feelings about the continued refusal of the Soviet authorities to allow Nicholas Daniloff to return home."

As the meeting was in progress Mr Larry Speakes, the White House spokesman, told reporters that while the US was prepared to discuss dates for a possible summit meeting with Mr Shevardnadze, he did not expect a date for a sumit to be set during his two days of talks in Washington.

Earlier Mr Mikhail Gorbachev, the Soviet leader, in a speech in a Russian farming district,



Mr Eduard Shevardnadze

appeared to stiffen the conditions he has set for a summit meeting saying that there was no use meeting just to talk.

"We need to agree that nuclear weapons will not be tested and perfected. We need to sign a treaty," at a summit, he said.

Mr Speakes refused to comment on reports that there had been further signs of movement in the arms control talks in Geneva which resumed on Thursday.

The New York Times reported yesterday that the US was prepared to accept a Soviet suggestion that only token intermediate range missile forces should be kept in Europe, saying there had been no substantial Soviet reply to US arms control proposals put forward by President Reagan.

Officials deny that the release of Mr Daniloff is now a precondition for a summit but political pressures on the Administration in Washington are such that it is widely accepted that Mr Reagan could not agree to meet Mr Mikhal Gorbachev, Soviet leader, without a resolution of the Daniloff case.

The White House statement on the President's 45-minute meeting with Mr Shevardnadze confirmed that he delievered a letter from Mr Gorbachev to Mr Reagan. No details of its contents were discussed.

Mr Shevardnadze's visit came late in the morning after he had held more than two hours of talks with Mr George Shultz, US Secretary of State. The atmosphere was cool. Diplomatic formalities such as picture taking ceremonies were dispensed with and Mr Shevardnadze was not invited to lunch.

UK offer for chemical ban deal welcomed

By David Buchan

A BRITISH compromise on the vexed issue of verification might pave the way for superpower agreement on banning chemical weapons by the end of this year, a senior Soviet official said in London yesterday.

Mr Yuri Nazarkin, the Soviet Foreign Ministry's chief expert on chemical weapon negotiations, described as "quite useful and constructive" the recent compromise the UK tabled in Geneva.

This is aimed at breaking the impasse created by the flat Soviet refusal of the US demand that all signatories to a chemical weapons ban be ready to open facilities to inspection at 48 hours' notice.

Mr Nazarkin was speaking to the press after talks this week with British officials about their proposal, which preserves the pirnciple of challenge inspection, but gives countries a right to refuse it, provided within a certain period (a week or 10 days) the "challenged" state can satisfy the "challenging" state by other means.

These might be in the form of samples of effluent, or records from certain "sniffer" devices from suspected factories.

But the Soviet team, who included representatives from the defence and chemical industry ministries in Moscow, still expressed concern that challenge inspection would be a licence for the West to spy generally on sensitive military facilities.

Multilateral negotiations are due to resume in Geneva in November. Mr Nazarkin said that Moscow wanted to accelerate them, to head off US plans to produce binary chemical weapons, comprised of non-toxic components used in civil industry and thus harder to control.

In the West, the US is believed to hold some 30,000 tonnes of nerve and mustard gases, and France a much smaller amount. The US stopped chemical weapon production in 1969, but recently decided to resume production of newer, binary chemical weapons.

According to Western government estimates, the Soviet Union has stockpiled some 300,000 tonnes of chemical weapons.

Stockholm accord in sight

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT IN STOCKHOLM

THE 35 nations participating in the Stockholm disarmament conference last night failed to reach agreement by their deadline, but were confident they would overcome the remaining hurdles within the next 24-36 hours.

The US, Canada, the Soviet Union and all European states except Albania have been trying to agree on confidence-building measures to prevent the outbreak of war by miscalculation. They decided "to stop the clock" of their negotiations, which have been going on since January 1984.

Mr Robert Barry, the chief US negotiator, and Mr Oleg Grinevsky, his Soviet counterpart, said good progress had been made and that something like 90 per cent of the outstanding problems had been settled.

Last-minute difficulties were caused by a leak in Washington that the US was prepared to make a big concession on aerial inspection of military activities.

The leak to an American newspaper by what was believed to be a senior Pentagon official caused consternation in the US delegation at the Stockholm conference, which saw its whole negotiating position undermined.

The public announcement of Washington's willingness to accept the principle that countries whose military activities were being inspected by the other side should also provide the aircraft for this purpose, deprived the US delegation of a vital bargaining chip.

The US was hoping to oblige the Soviet Union to make significant concessions on the notification levels for military manoeuvres in return for its own move on the aircraft issue.

Mr Robert Barry, the chief US negotiator, made no attempt to hide his fury at what he clearly saw as a move to scuttle an agreement at the Stockholm conference by hard-line members of the US Administration, who were opposed to an accommodation with the Eastern bloc.

"I am madder than hell and that is very much on the record," he told journalists.

The leak also had the immediate effect of hardening the Soviet position. Since the Soviets had managed to wring a concession out of the US without having to offer any quid pro quo, Moscow saw no reason why it should become more amenable.

In spite of the US compromise over aircraft, arguments about who should provide the equipment to be used remain largely unresolved.

However, some progress has been made on the other important outstanding issue at the negotiations, that of the threshold at which military activities should be notified to the other side.

Strike poll for S African miners

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA's National Union of Mineworkers is to conduct a strike ballot among its 225,000 mainly black members following the deadlock reached in pay negotiations with the Chamber of Mines yesterday.

It has also declared October 1 a day of mourning for the 177 men killed in the Kinross gold mine disaster on Tuesday. The union has approached the chamber to facilitate a one-day national stoppage on all mines. Mr Cyril Ramaphosa, the union general secretary, however, made clear at a press conference that a stayaway would take place with or without the mineowners' consent.

Mr Ramaphosa also accused Gencor, owners of Kinross, of refusing access to the mine for a group of West German, Swedish and British mine safety experts who agreed to inspect the mine on behalf of the NUM.

"Gencor has a lot to hide, the public and the miners will never really know what led to the accident," he said.

At the pay negotiations yesterday the union held firm to its demand for a 26 per cent across-the-board increase and rejected the chamber's revised offer of an increase of 1 per cent for underground gold miners on top of the rise of 17 per cent to 21 per cent which came into effect on July 1.

The union is also demanding a six-month income security guarantee for miners unable to work through injury or other incapacity and turned down the chamber's offer of an increase in the accident leave from 46 to 56 days over a two-year period.

The disaster was not discussed yesterday, but the high death toll has given a new urgency to long-standing union complaints that the bonus system for white mine shift managers has contributed to a production-before-safety ethos underground.

In the wake of the disaster union attitudes have hardened. It said that last year the industry had made unprecedented profits on the back of a higher gold price and depreciated rand but "still wants to ensure that it remains the pace-setter in paying poverty wages."

Jim Jones adds: Gencor has set up a special trust fund with an initial endowment of R2m (£600,000) to help dependants of the disaster.

Mr Derek Keys, Gencor chairman, said the fund was needed to assist dependants of the dead men for whom the industry's death benefit arrangements were inadequate.

Dependants of black miners killed in the mines are generally paid a lump sum equivalent to 24 months of normal pay. Dependants of white miners receive lump sum compensation in addition to pension payments.

Mr Keys said there were no pension provisions for black miners who, as he put it, "have only latterly become career-minded." Pensions for black miners have been a central demand of the NUM since its formation four years ago.

At a press conference yesterday several of Mr Keys's board colleagues declined to answer specific questions on the disaster, saying the matter was *sub judice* as an official inquiry into the accident had been launched.

Lawyers say the *sub judice* rule does not apply to non-criminal cases such as mine accident investigations.

The management was unable to say exactly what material had burned underground and released toxic gases. Polyurethane foam applied six years ago to prevent corrosion of steel tunnel supports is the prime suspect, according to Dr Con Fauconnier, head of Gencor's mining services division.

Dr Fauconnier said no one would resume working in the mine's no. 2 shaft until all polyurethane was removed.

JAPAN'S package of sanctions against South Africa was described yesterday as limited but substantial by Foreign Ministry officials, writes Ian Rodger in Tokyo.

The package follows closely that agreed by the European Community earlier this week. Its main effect will be to stop $200m worth of iron and steel imports from South Africa.

Japan's purchases of South African iron and steel products accounted for about 20 per cent of South Africa's total iron and steel exports last year, Foreign Ministry officials said.

The package does not include a ban on imports of South African coal and iron ore and excludes imports of ferro ore. Officials said they had to take into consideration the effect such a move would have had on black miners and the fact that EEC countries had decided not to ban coal and iron ore imports.

Japan's coal imports from South Africa last year were worth $410m, and iron ore imports $180m.

Officials said it would take a few weeks to implement the ban on iron and steel products which would not apply to existing contracts. Most contracts, however, were of a short-term nature.

The other measures were the suspension of tourist visas for South African nationals to visit Japan, the urging of Japanese nationals to refrain from visiting South Africa as tourists, the suspension of air links and prohibition of the use by government officials of South African airways flights.

The suspension of air links with South Africa is purely a confirmation of an existing situation. There is no air agreement between South Africa and Japan and no regularly scheduled or chartered flights.

Chernobyl disaster cost £2bn

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET Finance Minister has put the total cost of the Chernobyl nuclear power accident at Roubles 2bn (£2bn) to date in the first detailed account of the economic consequences of the disaster.

Mr Boris Gostev told a news conference yesterday that direct and indirect costs, including Rs 400m for the cost of the reactor destroyed on April 26, now amounted to Rs 2bn. This total includes loss of electricity, agricultural and industrial output and new housing.

He said the total number of people evacuated from a 30 km zone around the Chernobyl plant was between 115,000 and 120,000, mostly from the Kiev region. They had received compensation from the state regardless of whether or not they carried insurance for houses and possessions.

Only 11 people are still in hospital as a result of the Chernobyl disaster, but Mr Grigori Revenko, Communist Party head in the Kiev region, said that 1,500 km of land could not be cultivated because of contamination.

Mr Gostev said that housing for evacuees had been provided free at a cost of Rs 320m. The Government had also given individuals a lump sum of Rs 4,000, a family of two Rs 7,000 with an extra Rs 1,500 for each dependent. Compensation for the loss of cars, abandoned when people were evacuated, came to Rs 100m, Mr Gostev said.

The economic costs of Chernobyl may increase as energy consumption rises this winter, possibly leading to brown outs and black outs in the Ukraine. The immediate impact of Chernobyl on power supplies has not been very significant because Soviet electricity consumption drops by 22 per cent in the warmer summer months.

The disaster at Chernobyl also led to the eleven other Chernobyl type RBMK-1000 reactors being sucessively closed down for safety modifications

● The Dutch Government has postponed until 1988 a decision on whether to build more nuclear power plants. It wants to await the outcome of inquiries sparked by the Chernobyl disaster.

Increase in US personal income and spending

By Nancy Dunne in Washington

THE COMMERCE Department yesterday estimated a growth in personal income of 0.4 per cent in August and in personal spending of 1.1 per cent.

Analysts, looking for an upturn in the US economy, found some comfort in the figures, but in both cases temporary factors played a role.

Personal income, which rose $12.7bn (£8.6bn) during the month to $3.5 trillion, was pushed up by a large increase in retroactive social security benefits and a $2.8bn rise in farm subsidy payments.

Spending, spurred by 2.9 per cent financing being offered on new cars, rose almost three times faster last month than in July.

Italy to tax payments on new treasury bills

BY JOHN WYLES IN ROME

THE ITALIAN Government yesterday decided to tax for the first time interest payments on treasury bills and certificates, ending months of uncertainty.

The tax will apply only to new issues. It will be fixed at 6.25 per cent until October 1 next year when it will be raised to 12.5 per cent.

The announcement was greeted with reserve by Confindustria, which represents Italian companies, and with enthusiasm by the trades nions. They have been threatening strikes if the tax move was not built into the 1987 budget strategy.

Stock market reaction will not be clear until Monday. Operators are bound to conclude with relief that the decision removes for the time being the threat of a tax on share income.

Analysts thought the tax levels had been finely judged so as to have a minimal impact both on official interest rates and on the government's continuing ability to finance its debt, the largest in volume terms in western Europe. Government debt is about L700,000bn (£335bn)—equal to one year's gross domestic product—and new debt issued by the treasury last year was L107,000bn.

One Milan stockbroker said: "This is a psychological breakthrough and with this measure they will persuade the market to buy plenty of bills next year because the tax rate will be only half what it will be from next October."

Mr Giovani Goria, the Treasury Minister who earlier this year had opposed such a tax, was said yesterday to have given ground because the meausre would apply only to new issues.

He told a press conference it would put a nend to uncertainty in the markets and was being introduced against a background of falling interest rates. Mr Goria said its impact on rates would be modest.

Nearly 48% of income being paid to the state

BY JOHN WYLES

ITALIAN people and companies are groaning under a tax burden which is 54 per cent heavier than it was 15 years ago and is now touching nearly 48 per cent of income.

According to a new report by ISTAT, the government statistical agency, taxes have risen from 31.1 per cent in 1970 to 47.9 per cent of income in 1985. This is causing a simmering resentment amongst those that actually pay taxes—principally directly-employed industrial workers whose payments are deducted at source.

Since tax evasion is part of the Italian way of life, those denied the opportunity are beginning to show their frustration in other ways. The trade unions, for example, supported by both the Socialist and Communist parties are mounting a vociferous campaign for investment income to be taxed, partly on the grounds that the burden of financing the government must be shared more fairly.

Mr Bruno Visentini, the Italian Finance Milnister, has admitted this week that there is not much fairness in the present situation. Directly employed workers, both private and public, account for a disproportionate 71 per cent of personal income tax payments collected by the government, he revealed.

In an attempt to quieten the discontent, the government has faced up to the problem of "fiscal drag" whereby inflation pushes more and more of the lower paid income into the tax net. Following last year's budget nearly L5,000bn (£2.4bn) of income will have been restored to workers over the course of this year.

But the inability to collect taxes from the self-employed was embarrassingly highlighted in August by a report from the government's auditors, the Court of Accounts.

This was a simple account of average incomes declared in the 1984 tax year. The picture was one of worrying, if unbelievable middle class deprivation.

Doctors, for example, were eking out an existence on L19.1m (£9,200), architects and engineers struggling along on around L14m and lawyers were a little better off at L15m.

Swedish public pay talks fail

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDEN moved closed to renewed industrial conflict in the public sector last night as the employers and most of the public sector unions turned down a final offer from the state-appointed mediating commission.

The government also intervened directly in the negotiations with a strong warning from Mr Kjell-Olof Feldt, Finance Minister, that the mediators' latest offer would fuel inflation and lead to increased unemployment.

Negotiations in the public sector for about 1.5m employees have gone on for months. Strikes broke out during the spring in the health service among doctors, social workers and other professional staff. The conflict was adjourned during the summer.

At the beginning of September the mediators put forward an offer, quickly rejected by both sides. Yesterday a "final" offer was turned down by all except the professional staff unions.

According to the government this two-year offer would have raised wages by some 10.5 per cent in the whole of the public sector in 1986-87. (Inflation is 3.6 per cent.)

The Government estimates that, including the carry-over from earlier agreements, if it were to accept the mediators' latest offer total labour costs in the public sector would jump by about 15 per cent in 1986 and 1987. This would seriously jeopardise its economic policies, which are giving priority to curbing inflation, it said.

The Government is also resisting any guarantee clauses—sought by the unions—which would ensure that public sector wages keep pace with increases in the private sector.

The private sector reached a two-year agreement in the spring under which wages are supposed to rise by 9.5 per cent in 1986-87. The Government is committed to holding public sector wages at most to that level. Observers forecast, however, that wage drift will push private sector wages considerably higher.

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Package 'will put Japan on target for 4% growth'

BY IAN RODGER AND GORDON CRAMB IN TOKYO

THE JAPANESE Government yesterday announced a Y3,600bn (£15.9bn) spending package to help manufacturing industries hit by the sharp rise in the yen and to boost demand to help reduce the country's large trade surplus.

Japanese Government officials predicted yesterday that the package would enable the country to come close to its 4 per cent growth target in the current fiscal year.

But private sector economists remain sceptical. The Sumitomo Bank, for example, published its latest economic forecast yesterday, anticipating only 2 per cent growth in the year to March 31, 1987.

Government economists say the package, which consists mainly of pump priming public works spending, would add 1.5 per cent to nominal gross national product in a full year.

Officials said the package should please the US and other foreign governments that have been encouraging Japan to stimulate domestic demand. It would have a greater impact on domestic demand than on the economy as a whole, they pointed out.

Domestic demand is already the strongest part of the economy. In the April-June quarter, domestic demand was growing at a 4.4 per cent rate while net foreign demand was declining at a 2.2 per cent rate.

The size and scope of the measures had been largely foreshadowed, and had little or no impact on the yen, which closed the Tokyo trading day at its opening level of Y153.6 against the dollar.

A cut in interest rates is identified in the Government's package as possibly forming part of efforts pledged to "implement monetary policy in an appropriate and flexible manner. But an early reduction was again ruled out this week by Mr Satoshi Sumita, governor of the Bank of Japan.

Mr Masahiko Koido, chief economist at Sumitomo Bank, one of the country's largest commercial banks, said yesterday that his view was less optimistic than that of the authorities.

He forecast that growth in real GNP would be more than halved in the current year to 2 per cent from the 4.2 per cent achieved in 1984-85, while a slight upturn from mid-1987 would leave annual growth barely ahead at 2.2 per cent by the March 1988 year-end.

Heavy fighting in central Gulf

IRAN and Iraq reported heavy overnight fighting in hills on the central Gulf war front but differed on its outcome, Reuter reports from Bahrain.

Iran's national news agency, Irna, said Iranian troops advanced 500 metres in five hours of hand-to-hand combat and captured "the main slope of Height 203." Iraq said an Iranian attack was repelled with heavy casualties.

Irna said the hill was across the border from the Iranian town of Mehran, 170 km south east of Baghdad.

A field commander told Irna that Iraqi forces had retreated to the plains under Iranian fire.

The official Iraqi news agency, Ina, said Iraqi forces repelled an Iranian offensive aimed at "an important height," killing 1,400 enemy troops and wounding 3,000.

Ina said Iraqi forces were in control of all the border heights.

Mehran, long abandoned by its civilian population, and nearby hills, have changed hands several times in the course of the six-year-old war.

The Iranian commander cited by Irna said the latest reported gains completed Iran's "Karbala-1" offensive, which brought the recapture of Mehran in early July from Iraqi troops who had held it for six weeks.

Iran said on Tuesday its troops had routed an Iraqi brigade near Mehran

David Gardner on the divided views of state and disaster victims one year on

Mexico's quake chasm remains unbridged

MEXICO yesterday remembered its worst natural disaster, the earthquakes that devastated part of Mexico City on September 19 and 20 last year. One big chasm remains — between the regime's view of the emergency and its aftermath on the one hand and the victims' view on the other.

Last night, rival demonstrations were being organised by the Ruling Institutional Revolutionary Party (PRI) and the United Co-ordinator of the Homeless (CUD), the quake victims' organisation.

The official demonstration at the National Palace was expected to thank President Miguel De la Madrid for the government's reconstruction efforts. The CUD planned to protest that the government had not done enough, quickly enough, to rehouse 100,000 families.

The public has been deluged with figures in the run-up to the anniversary. The government claims that by the end of this month it will have handed over 23,626 new or refurbished homes as part of an 82,857 dwelling programme. About 30 per cent of the finance for which is coming from the World Bank.

The CUD and the Mexican opposition claim the government has completed the handover of no more than 6,000 homes, and wonder aloud which city the bureaucracy inhabits.

Dr Cuauhtemoc Abarca, the CUD leader, says: "The only thing we have no complaints about is the government's promises."

Scene of devastation in Mexico City after the earthquake a year ago

The rival claims are uncheckable in a megalopolis of several cities and 18m people. What is not in dispute is that there are about 35,000 families who have spent a year virtually on the streets, graduating from tent cities to one-room corrugated iron shelters at best.

Most are expected to pass another winter without a home.

Whether the government can or will meet rehousing demand is not clear. In October it expropriated 6,000 building lots for reconstruction and in February was concerned enough about militancy on the rehousing issue to sack its public works minister.

Organisations such as the CUD feel what has been achieved has been a result of their pressure. The government insists they were "kicking against a door that was already open," as one official put it.

The same official indicated privately last October that the homeless in areas such as Tepito and Tlatelolco would be almost fully accommodated. Tepito is a teeming working class market area largely razed by the quakes. Tlatelolco is a state-built high-rise development holding more than 100,000 people in less than 200 acres. About a tenth was destroyed and half damaged.

The implication was that the militancy of these areas made this politically prudent, whereas the Government could probably delay on the other, mostly middle-class areas, where in any case people would have means of their own.

Certainly, rehousing has gone ahead fastest in these areas, though not as fast as its "damnificados," as the quake homeless are known, would like.

Mr Miguel Arellano, is a 44-year-old printer living on a 20 sq ft corrugated iron shack in Tepito with his wife and three children. "They say one year is too short a time, but I would like the President to spend just one night here," he says.

The land on which his shack stands, home to 16 families before the quakes, was deexpropriated after its owner applied to the courts. Mr Arellano's hopes were sunk in a bureaucratic swamp of paper. He and his neighbours were planning to march with the CUD yesterday.

The homeless are the most visible, but by no means the only legacy. The two quakes, measuring 8.1 and 7.3 on the Richter Scale, unleashed a wave of solidarity throughout society which outshone and unnerved a dithering bureaucracy and the institutions it sets such store by. The all-powerful PRI in particular was and remains revealed as an apparatus with many self-interested chiefs and few Indians.

Subsequent attempts to rewrite history are unlikely to dispel this perception, made widespread because of the extent of the disaster and people's involvement.

In the official booklet on the earthquakes all but 12 of 56 chronological entries tell what the president did that day. The public gets three mentions, in stage-managed "expressions of support" for Mr De la Madrid.

As a European diplomat put it, however: "People can't be swindled out of knowing what they were doing, and what the government wasn't doing."

Enrile urges clear policy on Philippines insurgency

THE PHILIPPINES government had no clear policy for fighting communist insurgency and President Corazon Aquino should decide soon how to cope with the rebellion. Mr Juan Ponce Enrile, the Philippines Defence Minister, said yesterday.

Mr Enrile was responding to Mrs Aquino's speech to the US Congress in which she said she would take up the "sword of war" if the communists spurned her offer of peace.

"We have no counter-insurgency policy formulated by this administration," Mr Enrile said. He said that despite the communist refusal to accept a 30-day ceasefire, the president wanted the policy of non-violence to be continued until her return to the Philippines. "So we'll discuss it when she comes back," he said.

In her speech in Washington on Thursday to a joint session of the US congress, Mrs Aquino said she would explore all paths to a peaceful solution of the 17-year insurgency.

Mrs Aquino was in New York yesterday to attend the UN General Assembly after meeting US officials.

She appealed for help to build "a new home for democracy, another haven for the oppressed."

Within hours of her speech, the House of Representatives passed a bill giving the Philippines a £200m cash infusion to help deal with economic distress. The measure was sent to the Senate, where prospects for approval were uncertain.

Mrs Aquino was due to visit the UN, confer with bankers in New York and go to Boston for the weekend. She returns to the Philippines on Tuesday.

Indonesia arms spending review

INDONESIA is to review its arms spending following a 31 per cent devaluation of the rupiah last Friday and some planned weapons purchases will be renegotiated, according to Mr Poniman, the Defence Minister, Reuter reports from Jakarta.

"Orders for which contracts have been signed will not be affected, but those for which we have no commitment will be reviewed," Mr Poniman told parliament yesterday.

An order for British ground-to-air Rapier missiles would not be affected, he said, but gave no further details.

Indonesia last month signed a letter of agreement to buy 12 F-16 advanced fighter planes from the US for an estimated $337m. Diplomats say the deal is not final and could now be subject to renegotiation.

Mr Poniman said the government planned to keep defence spending at about 3 per cent of the state budget and 11.5 per cent of gross domestic product. His ministry has a development budget of R554bn (£226m) for the fiscal year ending next March 31.

The 1986/87 state budget was cut by 7 per cent from 1985/86 because of the sharp fall in the price of oil, which accounts for 55 per cent of Indonesia's revenue.

Malaysia keeps ethnic policy

THE MALAYSIAN Government is to continue with its New Economic Policy (NEP) aimed at enabling the economically backward Malays to catch up with the more wealthy Indians and Chinese, in spite of heavy criticism, reports AP-Dow Jones from Kuala Lumpur.

Mr Mahathir Mohamad said yesterday the NEP would continue even after its 20-year deadline expires in 1990.

"The period of achievement is not important. What is important is the achievement of the objectives," Mahathir said.

Mr Lim Siang, the Opposition leader in parliament, has called on the government to end the NEP in 1990 as scheduled, saying it prevents the economic progress of the Chinese, Indians and others and the government should to be fair to all races.

Mr Mahathir said the NEP was not aimed at taking away what the other races have and giving it to the Malays, but at "expanding the cake" and helping the Malays with the new opportunities created.

Under the NEP Malays are to obtain at least 30 per cent of corporate wealth by 1990. The Malays, who had less than 5 per cent of corporate wealth when the NEP was launched in 1970, currently hold about 18 per cent, according to government officials.

Israel to step up arms for southern Lebanon

ISRAEL will send more arms to its militia allies in south Lebanon because of an increase in attacks on the mainly Christian force by Shi'ite Moslem radicals, Reuter reports from Tel Aviv.

Israel Radio quoted an unnamed military official yesterday as saying that Mr Yitzhak Rabin, Defence Minister, ordered the army to step up support for the South Lebanon Army (SLA) militia.

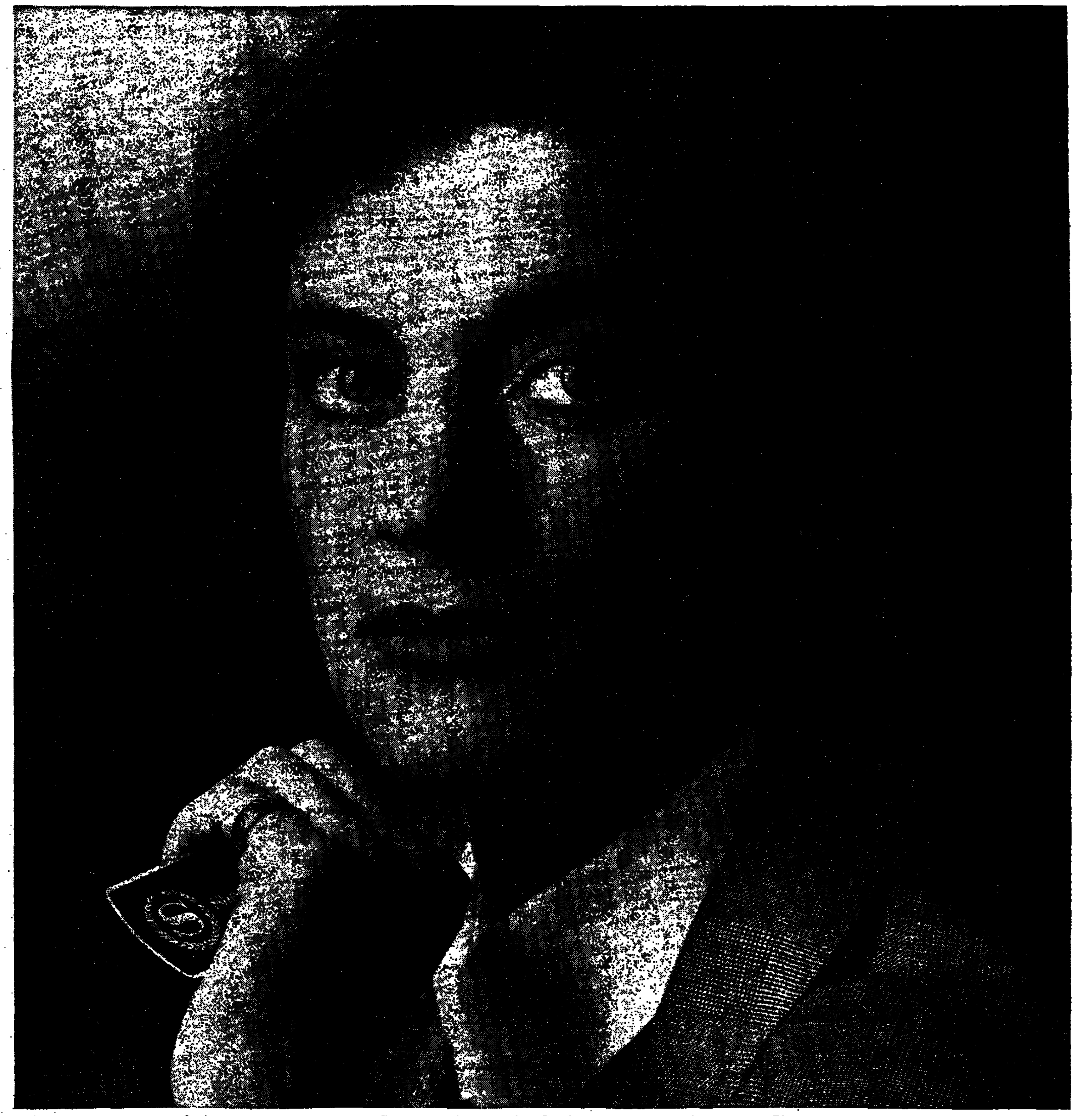
Seven militiamen were killed in a battle on Thursday with gunmen whom SLA commanders said were believed to be members of the Iranian-backed Hizbollah (party of God).

Mr Rabin was quoted as saying Israel would consider moving more soldiers into its self-declared "security zone" in south Lebanon if the SLA needed greater help, but for now the aid would be limited to more arms supplies.

Israeli officials acknowledge that several hundred Israeli soldiers are still in the buffer zone but say Israel has been trying to hand over their task increasingly to the SLA.

Israeli military sources said the SLA carried out a search for guerrilla bases in the Jezzine area north of the security zone after yesterday's clash, the most serious for several months.

The 2,000-strong SLA, commanded by Mr Antoine Lahd, a former Lebanese army officer, says it has lost 75 men in the 15 months since Israel withdrew most of its forces from Lebanon.



GDP figures signal lower growth in second quarter

BY GEORGE GRAHAM

THE ECONOMY continued to grow in the second quarter of the year, although growth may have been slower than in the first, the Government's Central Statistical Office reported yesterday.

Gross domestic product, the total flow of goods and services in the economy, rose by an average of 0.2 per cent at constant 1980 prices compared with the first quarter, to a level 1.4 per cent higher than in the second quarter of 1985.

Divergent pictures are painted by the different measures of GDP used by the CSO, which gauge respectively income, expenditure and output and which should, in the long term, show the same figures.

All the measures show that output in the first half of 1986 was about 1½ per cent higher than in the second half of 1985.

However the expenditure measure shows a decline in GDP in the second quarter, largely as a result of the ending of capital allowances earlier this year which meant that companies compressed their investments into the first quarter.

The output measure, by contrast, shows GDP grew by 0.5 per cent compared with the first quarter, to a level 2 per cent higher than a year earlier. This results from a rise in the output of the service industries. Services' output rose by 1.2 per cent in the second quarter to a level 3.6 per cent higher than in the same period of 1985, resulting from the boom in retail sales.

This is also reflected in the expenditure measure of GDP, since consumers' expenditure rose by 2 per cent in the quarter, to a level 5 per cent higher than a year earlier.

The average measure of GDP at current market prices, or money GDP, rose in the second quarter by 0.2 per cent, the same growth rate as for real GDP since the price measure used to deflate money GDP into real terms hardly changed.

The index of total home costs, which provides a broader measure of inflation than the retail price index published monthly by the Department of Employment, fell by 0.8 per cent from the first quarter to the second, the first time that a quarter-on-quarter fall has been recorded in this series.

Officials caution, however, that this index shows an exaggerated picture of a reversal of inflation, since it is affected by the sharp decline in the price of oil exports. The annual rate of inflation shown by the index was 2.9 per cent, slightly higher than the 2.4 per cent currently shown by the RPI.

Caterpillar to invest £62m in Scots plant

By Terry Dodsworth

CATERPILLAR Tractor, the US-based construction equipment manufacturer, is to invest £62m on the modernisation of its Uddingston factory near Glasgow in the four years to 1990.

Mr Ken Robinson, plant manager, said that expenditure on refurbishing the plant would safeguard the jobs of the 1,200 workers.

Caterpillar's decision to go ahead with the reorganisation at Uddingston underscores the company's recovery from the cuts forced on it in the early 1980s.

The company is now pushing ahead with investment in fresh products and automated manufacturing processes.

Uddingston will make the group's 165-horsepower, medium-range D6H crawler tractor and components for other European plants. It will be installing a transmission line to replace components from the US, along with welded fabrication mainframe manufacturing for the backhoe loader which Caterpillar recently introduced at its Leicester plant.

The decision to invest in Uddingston follows a two-year wage contract signed last year which included flexible working agreements.

Jury urges improved air safety

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IMPROVEMENTS in the safety precautions on UK-registered airliners were urged yesterday by the jury in the inquest into the accident at Manchester airport last year, when a British Airtours Boeing 737 caught fire on take-off with the loss of 55 lives.

The jury returned verdicts of accidental death on all the victims, after 10 days of evidence, but made to Mr Leonard Gorodkin, the coroner, several recommendations for improved safety measures.

These included improving access to the over-wing emergency exits by removing the seat row in that area of the cabin, an end to the use of repaired combustion cans in jet engines and clearer technical notices to airlines so as to avoid possible misunderstandings.

The jury also asked that the opening of the over-wing escape hatch be outwards, rather than inwards, to improve chances of escape.

It agreed that the cause of death of each victim was inhalation of toxic fumes, although in nine cases heat was also a cause.

Mr Gorodkin said it remained to be seen whether the jury's suggestions could be implemented. He had said earlier that it was not the jury's duty to find anyone guilty for the accident, but there might be some comfort if some improvement were made in the aircraft industry.

The coroner had high praise for the cabin crew for their actions in seeking to open doors to allow passengers to escape, despite considerable difficulties in some instances when one door jammed and an escape chute burned away.

He suggested that one of the most significant results of the inquest had been the realisation by the aircraft industry of the speed with which fire could spread in aircraft crashes.

"Before the incident, the aircraft industry as a whole appeared to have thought of wind speeds only in operational terms, but now I trust that, from the lessons learned during the past year, they will also think of them in fire hazard terms."

Mr Colin Marshall, chief executive of British Airways, said after the inquest that many of the recommendations by the coroner and the jury were in accord with changes that BA had already implemented as a result of the lessons learned from the Manchester accident.

He regarded the accident and the subsequent inquest as "a turning point for the whole aviation industry in setting standards for improved passenger safety."

BA had modified forward doors in Boeing 737s to facilitate emergency opening, replaced combustion chambers on 737s with new units, instructed pilots to stop aircraft on runways in emergencies (rather than turn off until a full assessment of the problem had been made), pioneered methods of examining 737 combustion chambers, introduced fire-blocking fabrics on seats and studied the use of smoke hoods for passengers.

BCal planning non-stop service to Tokyo

BY GORDON CRAMP IN TOKYO

BRITISH Caledonian Airways plans to launch a non-stop service between London and Tokyo in April, on a route overflying the Soviet Union, which only Japan Air Lines crosses without a stopover.

Although not all regulatory hurdles have been cleared, BCal wants three flights a week in each direction. JAL, which since the spring has flown the route once a week, intends to add to its European schedules with flights into Paris, and has been seeking the right to another London service.

The plans by BCal follow preliminary talks between Britain and Japan in Tokyo over the past three days and informal discussions in London earlier this week between UK and Soviet officials.

The British team has been headed by Mr Michael Spicer, Transport Under Secretary. He said in Tokyo yesterday: "I am confident that the decks are clearing for BCal to do what it wants to do." He added that the independent UK airline was being favoured in this case as British Airways has an existing right to seven Tokyo flights a week by other routes.

Mr Spicer held out the possibility, however, that Soviet overflight rights could also be extended to cover BA.

In Tokyo Mr David Coltman, BCal managing director, said one of the airline's two newly-acquired Boeing 747s would be used on the route. "Flight time will be up to six hours shorter than the routing via Anchorage," he added.

JAL has had a summer monopoly on the non-stop service because of a swifter conclusion to Soviet-Japanese talks. But the Japanese Foreign Ministry said the government accepts the need for more carriers on the route.

Directors of Lonrho face subpoenas

By Kevin Brown, Transport Correspondent

DOW FREIGHT Services, a road haulage company based in Stockport, is planning to subpoena members of the main board of Lonrho as witnesses in a libel action against TNT, the Australian-based transport and forwarding group.

It was unclear, however, whether Mr Roland "Tiny" Rowland, chief executive of Lonrho, would be required to appear in court.

The case involves a tape recorded conversation which allegedly took place between a former Dow manager and executives of TNT, and the transfer of a £9m contract between the two companies.

The contract was for the distribution of spare parts to the 320 dealers of VAG, a Lonrho subsidiary which imports Volkswagen and Audi cars, as well as VW and MAN commercial vehicles. It is said to be the UK's biggest contract for the delivery of automotive spare parts.

It is understood that Dow and TNT were in direct competition for the three year contract when it was reawarded in April last year. Dow issued a press release at the time announcing it had won the contract, but the business was later switched to TNT.

Dow began a High Court action against TNT last year, claiming libel and substantial damages for loss of business.

A High Court injunction was granted to Dow in October last year restraining TNT from repeating the alleged libel, and the two companies are now exchanging documents, after which Dow is expected to apply for a trial date.

Dow said yesterday that it began the action after acquiring a cassette tape recording of a conversation between TNT and a former Dow employee, which allegedly took place before the contract changed hands.

The company said it wished to call on main board directors of Lonrho and VAG to give evidence in support of its action.

Mr Alan Jones, managing director of TNT's road freight division, was unavailable for comment, but Mr Richard Marsh, a partner in Joynson-Hicks, the company's solicitors, said TNT denied the allegations and the case would be vigorously defended.

Alliance defence unity hit by Liberal MPs report

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE full scale of the problems confronting the SDP-Liberal Alliance in its attempts to formulate a joint defence policy were underlined yesterday when three Liberal MPs restated their outright opposition to a replacement for Polaris.

The declaration, by Mr Simon Hughes, Mr Archy Kirkwood and Mr Michael Meadowcroft, came two days before the start of the Liberal Party assembly in Eastbourne, at which defence policy will be one of the major issues.

Earlier this week, the SDP conference in Harrogate gave its backing to the joint initiative on defence being undertaken by Dr David Owen, the SDP leader and Mr David Steel, the Liberal leader. In an attempt to overcome party differences over the need to replace Polaris, the Alliance leaders recently embarked on a series of talks with other European political leaders which have encouraged them to believe that agreement of a European minimum deterrent is possible.

Liberal leaders will next week be seeking the backing of their supporters for the continuing European initiative but yesterday's move by the three MPs gave a timely reminder of the wide differences on defence which remain between the Alliance partners.

The MPs, who acknowledged that the SDP conference had proved "accommodating" in terms of leaving the way open for reaching agreement on defence, said a strong Alliance partnership could not be built "upon a compromise which is the lowest common denominator between two weak positions."

A report prepared by the MPs urges the Liberals to place as much emphasis on disarmament as on defence, a call echoed earlier this week by Mrs Shirley Williams, the SDP president. The long-standing goal, they claim, is a reduction in nuclear confrontation and a non-nuclear Europe.

The report claims that replacing Polaris with Trident would be an escalation in the level of nuclear capability and would, therefore, be totally unacceptable.

Timex seeks job cuts

BY DAVID THOMAS

TIMEX IS to stop making standard watches at its Dundee plant with the loss of 100 jobs through voluntary redundancies. Timex's Dundee workforce will fall to just more than 600 from a peak of more than 4,000.

Mr Barrie Lawson, managing director of Timex UK, said the final assembly of Timex standard watches could be done more cheaply in the company's factories in the Far East. "We've been subsidising Dundee for some time."

About half the standard watches assembled at Dundee were sold in the UK.

Dundee will still complete assembly of watches specific to the UK, but most of the remaining workforce will carry out sub-contract work for electronics factories.

The plant recently received an order for work on the latest Sinclair Spectrum launched by Amstrad, the UK consumer electronics group.

Mr Gordon Samson, convenor at the plant for the Amalgamated Engineering Union, said the union would fight any attempt to carry out the job losses through compulsory redundancies.

S Africa coal ban sought

BY ROBIN REEVES

THE DECISION of EEC foreign ministers this week to exclude coal from the trade sanctions against South Africa, provoked a heated debate yesterday at the European Coal and Steel Community's consultative committee meeting at Swansea.

An emergency resolution, tabled by Mr Peter Heathfield, secretary of the National Union of Mineworkers, and supported by leading trade unionists from Denmark, France, Germany, Portugal and Spain, called on the meeting to declare its support for the struggle of black Africans, by demanding that coal be included in the Community's import ban.

EEC coal imports from South Africa totalled more than 25m tonnes, worth £800m, last year. Leading importers were France and Italy, followed by Denmark and West Germany.

The consultative committee is made up of 96 representatives of producers, consumers and trade unions from the 12 member states.

Wood Gundy to join Stock Exchange

BY ALEXANDER NICOLL

WOOD GUNDY, the Canadian broking firm headed in London by Mr Ian Steers, is to join the London Stock Exchange on September 29 as a market maker in North American equities.

Mr Steers is also chairman of the International Securities Regulatory Organisation (Isro), which this week agreed on a merger with the Stock Exchange to create a single regulatory structure for securities markets in London.

The market-making team at the Stock Exchange is to be headed by Mr David Ruddell and Mr Tony Davenport, who recently joined Wood Gundy to set up the operation after Barclays de Zoete Wedd, their former employer, closed down its market-making activities in North American stocks.

Wood Gundy already has an active business in London in North American stocks as well as being prominent in the Eurobond market.

Robin Pauley on the aftermath of Dr David Owen's plans for social equality

Mixed benefits on the road to tax reforms

WITHIN 24 hours of Dr David Owen's risky decision this week to speed up his party's race down the obstacle-strewn path to radical reform of Britain's contradictory tax and benefits systems, leaders of the other parties were scurrying along behind him.

They swept aside the fact that previous riders around the tax and benefits course have been pitched headlong into a mire from which they have not escaped.

Dr Owen's Social Democratic Party has already covered itself in mud on the subject, having first announced that those earning more than £10,000 a year would lose, then revising this to £17,200, and then taking the policy back for reconsideration. The SDP has only itself to blame for failing to prepare its policy properly before presenting it to the public.

Nevertheless, Dr Owen insisted on emphasising the subject in his speech at the SDP party conference on Wednesday, ensuring that it will be centre stage in the next general election campaign.

Although this prospect sends shivers down most political spines, Labour and Conservative parties rushed in on Thursday, anxious not to be outmanoeuvred. Labour announced a wide range of plans to reform taxation and benefits.

The Conservatives could not promise the same since they missed a golden opportunity by not using the recent Social Security Bill as a vehicle for radical and integral tax and benefit reform.

Instead, Mr Nigel Lawson, the Chancellor, raced on to television on Thursday to say Labour's plans would involve large tax rises for everyone and the world's highest tax rates for high earners.

Promising to eradicate poverty and make sense of taxation and benefits is one thing; finding a way to do it is quite another. In an interview to appear in Poverty, the journal of the Child Poverty Action Group, on Monday—the day the Liberal Party conference begins—Mr Archie Kirkwood, Liberal health and social security spokesman, says: "I suspect that there will be a move to try to get our candidates armed with the fine details of the [Liberal] tax credit scheme or the SDP basic benefit scheme, which is slightly more selective and therefore slightly less acceptable to us.

"That will be ill-advised. You have to be a considerable expert even to understand the jargon. I can see our candidates getting massacred if they are cross-examined.

"I plan not to try to persuade the Alliance to abandon the policy, but to point out that we have still got a lot of work to do and that to put it in a prominent place at the next election would be a political mistake."

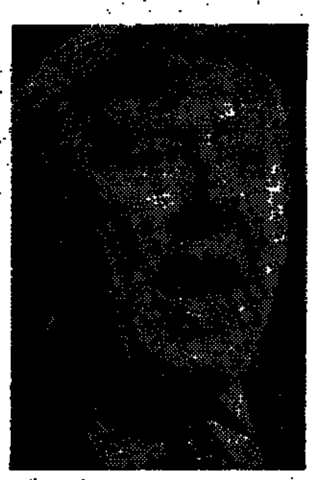
Contrast that to Dr Owen's determined speech: "This country's tax and benefit structure is unfair, inefficient and incomprehensible. It destroys dignity, it damages family life, it defies all logic. . . . It is time for a change. I predict tax will be a major issue at the next election and I relish the prospect."

The conundrum facing all the political parties and independent research organisations such as the Institute of Fiscal Studies, the Basic Income Research Group and the Adam Smith Institute is how better to redistribute taxation and benefits to alleviate poverty and enhance the living standards of those on very low incomes without producing a politically ruinous scheme that raises taxes for people on very modest incomes.

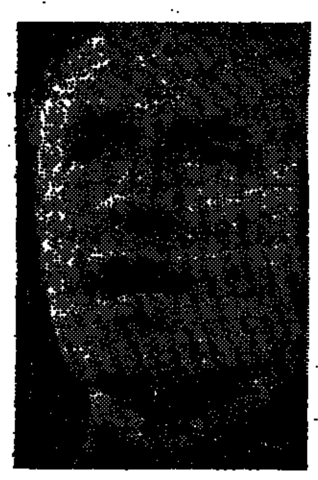
TAX AND BENEFITS PROPOSALS

CONSERVATIVE	LABOUR	SDP	LIBERAL
Abolish married man's allowance. **Supplementary benefit and family income supplement replaced by an Income Support and Family Credit in 1988.** **Introduce single transferable tax allowances as part of move to tax men and women separately (still under consideration).** **Reduce basic rate of income tax to 25 per cent.**	**Abolish married man's allowance.** **Raise all benefits and tax most of them.** **Introduce new lower tax band for low paid.** **Restrict all tax allowances to basic rate.** **Reintroduce comprehensive tax on capital transfers.** **Introduce wealth tax.**	**Abolish married man's allowance.** **Introduce basic benefit for all, withdrawable as income rises.** **Keep, increase and tax child benefit.** **Abolish all national insurance contributions for employees.** **Tax men and women separately.** **Restrict mortgage interest relief to basic rate of income tax.**	**Abolish married man's allowance.** **Tax men and women separately.** **Replace all existing taxes and benefits with tax credit scheme to keep low paid out of tax.** **Credit gradually withdrawn as income rises.**

Nigel Lawson: rejected reform



Roy Hattersley: examining options



Dick Taverne: launched scheme

The search for the answer has been made the more politically urgent because the Conservative Party in power has shied away from the subject of redistribution and integration altogether in spite of mounting evidence that the number of people officially classified as living in poverty has risen sharply since 1979.

For example, the number of people with total income up to 140 per cent of the supplementary benefit level rose by 42 per cent from 11.6m to 16.4m between 1979 and 1983, the number living on or below supplementary benefit level rose 47 per cent from 6.1m to 8.9m and the number with incomes below the supplementary benefit level rose by a third from 2.1m to 2.8m.

The key problem is the way in which people with low incomes frequently both pay taxes (income and national insurance) and receive means tested benefits.

This results in an irrational pass-the-cash parcel with 20m claimants getting more than £1bn benefit payments a year, handled by 120,000 civil servants at an administrative cost of £1.7bn.

Much of what they get in one hand they lose from the other as the two systems work against each other and against improving the minimum income level of poor people.

It is not surprising, given the number of people involved, that all the opposition parties see a glittering electoral prize for the party that can crack the poverty puzzle without taking cash from important political constituencies such as the predominant middle-income group.

Of the political parties, the Liberals and Social Democrats have done the most work on redistribution to the poor coupled with a simpler, integrated arrangement of tax and benefits.

The basis of the SDP scheme is a basic benefit for all, which can be withdrawn as income rises. Child benefit would be raised substantially but taxed.

National insurance contributions, which are neither insurance nor contributions but a second tax on income, would be abolished for all employees. Women would be taxed separately and the married man's allowance phased out.

The basic state pension would be raised and the entire operation would be unified into one tax-benefit system, with entitlement to benefit and liability to tax based on a tax return.

These ideas mirror a scheme for reform of tax and benefits put forward last year by the Institute for Fiscal Studies and are in deep political difficulty for the same crucial reason: there are many losers and the point at which people start to lose is well down the income scale.

The scheme was revealed last month by Mr Dick Taverne, one of its principal designers, while Dr Owen was on holiday and without full consultation with the Liberals.

Mr Taverne indicated that the redistribution would make the very poor substantially better off but that relatively poor families with incomes of only around £10,000 a year would lose.

The ensuing furore as Liberal and SDP leaders realised the vote-losing potential of such a scheme caused the plan to be taken back for "more thought" after only two weeks, to the glee of other party leaders led by a highly satisfied Mr Norman Tebbit, the Tory Party chairman.

To save face, a rapid recalculation was made and the SDP declared that higher taxes would not be paid by people until their annual earnings reached £17,200.

However, this is still not clearly so. The SDP has published tables showing a range of winners and losers, but it does not show the impact for anyone earning between £300 and £600 a week (£15,600 and £31,200 a year, respectively.

It is clear that everybody with a gross weekly income under £140 for a single person, or £133 for a couple, gains; a single person would be £1.36 a week better off, a single parent £8.50, a couple with one earner £5.28 and with two children £19.18. Pensioners with no children £3.70 (single) and £5.75 (couple).

The couple with one earner and two children would still be better off at an income of £200 a week but only by £3.94. The SDP has not shown when this couple start to lose other than that when the gross income is £600 a week, they would be £24.49 a week worse off.

On this calculation, the SDP is correct to say that the losers would not start until around £330 a week. But this overlooks their intention to abolish national insurance contributions and integrate the present NI system, which has a separate threshold from income tax, into the tax and benefit system. The two integrated taxes will have a common threshold of £2,100.

On this basis, a couple with one earner and no children will be £1 a week worse off when the income reaches £300 a week or £15,600. And the real problem with this fully integrated system comes in a family in which both adults work.

A couple with two children earning a joint total of only £230 a week would be £4 a week worse off. The politics of this become even more difficult not only would the same couple with one earner and two children be better off at this same level of income but they would remain better off all the way up to the £17,000 a year level.

This not only penalises the couple where both work but also rewards couples where one stays at home to look after the children — contrary to the Alliance equality aims, but close to Mrs Thatcher's ideology.

Not surprisingly, Dr Owen ducked this problem in his speech, defending the general principles of the party's plans vigorously. Privately, it is back to the drawing board for an urgent rescue operation.

The Liberal Party has broken with its traditional support of the contributory principle of national insurance and, like the SDP, proposes to integrate national insurance contributions with income tax.

Its proposals are based on a tax credit scheme. All income tax personal allowances and all social security and national insurance benefits would be turned in tax credits.

All income from the first pound earned would be liable to tax. When the tax liability exceeded a person's credit, he would pay the balance. When the credits exceeded the tax liability, he would receive a state payment to make up the difference.

High income earners would be worse off but the overall rate of tax for most people would be reduced. Its major drawback is cost: in 1983 the Liberals estimated the cost at between £3bn and £7bn

The Labour Yarty was hard on Dr Owen's heels, announcing its plans on Thursday, the day after his conference speech.

Mr Roy Hattersley, the shadow Chancellor, was careful not to be pinned down to detail, saying the party is still examining the options with advice from Price Waterhouse, the accountants.

But some Labour commitments are already clear. The tax and benefit systems will remain separate and key benefits will be raised substantially: child benefit up by £3 a week per child; pensions up £5 a week for single people and £8 a week for couples; £12 a week more for those unemployed more than a year.

These measures alone could cost towards £4bn, all of which is to be financed by reversing the tax cuts which the top 5 per cent of earners — those with salaries above £26,000 a year —have enjoyed since Mrs Thatcher came to office in 1979.

The money will not necessarily be recouped by very penal marginal rates of tax but more probably through measures such as tapering off personal allowances for high-income earners and a wealth tax.

Although it will retain the contributory principle of the national insurance scheme and keep an independent benefits system the Labour Party has moved towards partial integration of tax and benefits and has finally conceded that most benefits, once raised, should be taxable.

Benefit increases will therefore be offset by a system of more graduated marginal rates of national insurance and income tax, with a new low tax band for the low paid.

Many of the Labour Party proposals are not costed even in outline which leaves them wide open to attack. In spite of Mr Hattersley's insistence on Thursday that his plans did not require a return to very high marginal rates of tax, Mr Nigel Lawson said: "What he is saying he will do is: for everybody over £500 a week—and that's well over a million people—he will put their taxes up to something like 70 per cent.

Ultimately, the Conservatives could face the worst difficulties over this issue. If Dr Owen has pushed tax and benefits centre stage, Mrs Thatcher, Mr Lawson and Mr Norman Fowler, the Social Services Secretary, must explain not only why they have no plans for making one rational system out of two irrational ones but also why, after years of muddle in the early part of their government, they rejected reform in the Social Security Bill, opting instead for a variation of the same old muddle.

UK NEWS

Hurd warns on the growth of pressure groups

BY PETER RIDDELL, POLITICAL EDITOR

MINISTERS and MPs need to shake themselves free from the embrace of pressure and interest groups, Mr Douglas Hurd, the Home Secretary, argued yesterday.

In the keynote address to the annual conference of the Royal Institute of Public Administration, in Durham, Mr Hurd repeatedly returned to the problem of the growth of pressure and interest groups, their increased dominance of the media and the deference with which politicians regard them.

"The weight of these groups, almost all of them pursuing a legitimate cause, has very substantially increased in recent years and adds greatly not just to the volume of work but to the difficulty of achieving decisions in the general interest. They are like serpents constantly emerging from the sea to strangle Laocoon and his sons in their coils."

Mr Hurd cited the increasing role of these groups as one reason to be wary of freedom of information legislation leading to changes "which would in practice add still further to the pressures which these groups exert on policy-making, pressures which do not necessarily add up to the general good.

"If freedom of information simply means freedom for pressure groups to extract from the system only those pieces of information which buttress their own cause, then conceivably the result might be greater confusion and worse government."

Saying he did not see magic in the concept of freedom of information, Mr Hurd nonetheless stressed the steady expansion of information released by the Government in recent years and his own preference for revealing rather than concealing.

"No one is satisfied with the present condition of the Official Secrets Act and no doubt in time to come some government will wish to put its hand to reform, as indeed this Government sought to do at the beginning of its term," he added.

Mr Hurd acknowledged a gap following the disbandment of the Central Policy Review Staff, the Think Tank, in 1983. He accepted that perhaps the CPRS reached the stage where it was not worth preserving, but there was "a gap in the sense that it is difficult for Cabinet ministers to get advice on non-departmental matters when these come before them in collective discussion.

"There is something to be said for some organisation, however irritating, which might alert ministers to the possibility that the preferred solution was nonsense," he added.

Mr Hurd argued that the House of Commons was already too large.

He maintained that if MPs received increased resources to help with secretaries and research staff, then they should be better able to handle questions from constituents and need not refer every letter automatically to ministers.

Japanese 'very happy with Welsh productivity levels'

BY ROBIN REEVES, WELSH CORRESPONDENT

SIX OUT of the 10 Japanese manufacturing companies in Wales have productivity levels as good as, or better than, their plants in Japan, according to a survey by management consultants Arthur D. Little.

Expressing satisfaction with most aspects of their Welsh operating experience, the 10 Japanese companies which were all interviewed in the survey—commissioned by the Welsh Development Agency—also said they found the business environment conducive to expansion.

Industrial disputes at the Japanese plants in Wales, which has the highest concentration of Japanese industrial investment in Europe, were almost unknown—nine of the 10 companies have not lost a single day through industrial action since 1980.

Seven of the 10 recognise trade unions and six are single-union plants. One managing director commented: "From an initial anti-Japanese stance in 1979 the trade unions have give full and enthusiastic support to the company."

The 10 companies employ a total of 3,680 people, of whom about 100 are Japanese.

Since the survey, further two companies, Orion Electric and Kyushu Matsushita Electric, have decided to establish plants in Wales to manufacture, respectively, video recorders and electronic typewriters which should increase the number of direct employees at Japanese plants in Wales to more than 4,000.

Some companies mentioned difficulties in finding specific categories of skilled labour, especially in technical, managerial and supervisory positions, and difficulties in guaranteeing component supplies.

The report says: "The most widespread criticism of European suppliers was that they are 'unco-operative' and not, in general, willing to enter into the close, long-term relationship that is such a common feature of business between a manufacturer and its suppliers in Japan."

It suggests that one reason for this reluctance is that suppliers are worried that Japanese companies may eventually discard them for Japanese component suppliers which have also decided to invest in UK manufacturing operations.

Lisa Wood assesses the retail meat trade's rationalisation in response to increasing costs and challenges

Butchers fight to stay a cut above the supermarket

BRITAIN'S TRADITIONAL butchers are striving to get leaner and fitter. The recent £1.5m sale of 170 Matthews (Butchers) shops to Union International, the biggest chain with its 1,400 Dewhurst and Baxters outlets, is part of a rationalisation sweeping the industry.

Specialist butchers make up what is still the largest sector by turnover of the traditional specialist shops, which include greengrocers, fishmongers and bakers. But these have taken a battering over the last few years because of competition from supermarkets, increased rents in prime positions and static consumption of meat.

Fewer and fewer families sit down together for a Sunday roast and the traditional sausage, egg and bacon breakfast is all but extinct.

About 10,000 small outlets, often family-owned and run, have closed, out of an estimated 25,000 outlets 10 years ago, while others have been taken over by the bigger chains. During the last 10 months, Union International, the unquoted holding company for many of the Vestey family interests, bought the 400 loss-making Baxters outlets from Brooke Bond, in addition to its recent purchase of Matthews (Butchers) shops from Thomas Borthwick, the international food, meat and trading group.

Mr. Peter Cullimoore, managing director of Dewhurst, said: "Together with Matthews, we now form a national chain of shops with sufficient turnover and High Street coverage to make overhead and distribution costs reasonable, and provide scope for profitable future growth."

SHARE OF THE CARCASS MEAT MARKET	1980-81	1985-86
Main independent butchers	6.7	5
Other specialists	37.3	34
Large multiple retailers	26.5	32.4
Others (including freezer centres, market stalls, variety chains	29.5	28.5

(Source: Meat Demand Trends, June 1986—AGB Market Research.)

Middle-sized chains of butchers have tended to fare worse than the large chains of small, family-owned shops. Mr Cullimoore said: "If you have 20 to 40 shops, you operate with managers and, in order to have volume sales, you have to be in prime positions such as the high street and shopping centres."

According to him, rents in such prime sites were escalating, with recent reviews increasing them by 400 per cent or more. "If you are selling jewellery or fashion clothes, you can get a fair mark-up and those sorts of rents can be paid. You cannot do it with a single commodity, with a net profit margin of 1.9 per cent."

Many big companies have sold medium-sized chains. Fitch Lovell, the food group, for example, sold its 104 West Gunner butchers shops in 1983 to Dewhurst so as, it said at the time, to concentrate on the businesses it was best at—specialist foods, frozen food distribution and food manufacturing. Borthwicks has a similar strategy—to concentrate on its UK manufacturing.

One of the main challenges to the traditional butcher has come from supermarkets, starting in the late 1970s. Mr Martin Palmer, principal economist at the Meat and Livestock Commission, said: "After the price war that raged among the supermarkets in the mid-1970s on branded goods, they started to look at other lines, such as fresh fruit, vegetables and meat."

Since then, the strength of the supermarkets in selling meat has grown substantially, their market share being up from an estimated 26.5 per cent in 1980-81 to 32.4 per cent in 1985-86. During this time, total annual meat consumption has declined from 56.4 kg per head to 55 in 1985.

Supermarkets have been at the forefront of growth areas in food sales—such as chilled fresh foods, often containing meat, and white meats such as chicken on which more is being spent because of concern over red meats and healthy eating.

The modern car-borne shopper also prefers one-stop shopping at the weekend. But Mr Paul Corrigan, managing director of Corrigan Bros, a chain of 11 shops in London, said: "The shopper tends to pick up her meat as she buys the rest of the groceries in the supermarket. But, if there was a butcher's shop next to every supermarket, the supermarket would not sell as much meat. Prices in supermarkets are higher and the butcher can offer service and advice."

David Lidgate: Looking for improved presentation.

The supermarket, however, packages the meat and provides an environment in which the modern shopper often feels more at ease than in a traditional butcher's shop. "The old idea of sawdust on the floor and whole animals hanging from hooks does not impress the younger person," said Mr Peter Godfrey, managing director of Frank Godfrey, a small chain of north London butchers' shops and supplier to West End caterers.

The trade has been slow to see the writing on the wall but the more enterprising are starting to fight back by adding value to their products and extending their ranges. Dewhurst, for example, is seeking to present its larger shops as "meal centres" with the provision of delicatessen products and self-service packets of meat and cheese.

This trend is being investigated by various smaller butchers, who are taking a long hard look at their continental counterparts. Mr Godfrey is a founder member of a new guild of butchers, to be called the Q-Guild.

Mr David Lidgate, guild chairman, said: "Some of us in the trade were not impressed by the presentation of our products, compared with that on the continent. We talked to the Meat and Livestock Commission and visited an organisation in Holland which seeks to improve standards in its industry."

The idea behind the proposed Q-Guild is that members will discuss and swap new ideas for meat presentation. Membership will be controlled by inspection of an applicant's premises for standards of hygiene and skill.

This is not simply a matter of making meat look nicer but also catering for modern tastes and the demand for oven-ready dishes. "The housewife wants convenience food—be it part or all of a dish," said Mr Lidgate.

In his own shop, he already sells curries, stir-fries, sweet and sour dishes, all prepared on the premises.

The traditional family butcher had to realise he was now in the food business and embrace all the changes in eating habits—be it additive-free seasonings or prepared dishes—which were now being addressed by supermarkets, Mr Lidgate said.

"The top end of the traditional butchery market will survive because people will always entertain and the cost of the top cuts of meat is immaterial to the total value of entertaining. But, in the rest of the market, there has to be more and more innovation, or else traditional butchers risk a fate similar to the dinosaurs."

Company Notice

FIDELITY WORLD FUND
Société d'Investissement à Capital Variable
37, rue Notre-Dame, Luxembourg
R.C. Luxembourg B9497

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Fidelity World Fund, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the Fund), will be held at the principal and registered office of the Fund, 37, rue Notre-Dame, Luxembourg at 11:00 a.m. on September 30, 1986, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Statutory Auditor.
3. Approval of the balance sheet at May 31, 1986, and income statement for the fiscal year ended May 31, 1986.
4. Discharge of Board of Directors and the Statutory Auditor.
5. Ratification of the co-option of Mr. H.F. Van den Hoven as a director.
6. Election of eight (8) directors; specifically the re-election of all present directors, Messrs. Edward C. Johnson 3d, William L. Byrnes, Charles A. Fraser, Hisashi Kurokawa, John M.S. Patton, Harry G.A. Seggerman, H.F. Van den Hoven and Fininstrust.
7. Election of the statutory auditor, specifically, the re-election of the present statutory auditor, Maurice J. Sergant.
8. Declaration of a cash dividend from net investment income for the year ended May 31, 1986 to the shareholders of record on September 30, 1986, payable October 20, 1986, and authorization of the Board of Directors to declare further dividend in respect of fiscal year 1986 if necessary to enable the Fund to qualify for distributor status under United Kingdom tax law.
9. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting, with no minimum number of shares required to be present or represented at the meeting in order to establish a quorum. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: August 30, 1986.

By order of the Board of Directors

Durham miners vote to join NUM overtime ban

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MEMBERS OF the National Union of Mineworkers in the Durham coalfield have voted by a majority of more than two to one to join the ban on overtime coal production, begun seven weeks ago in South Wales.

The decision, following a vote earlier this week by Durham colliery mechanics in favour of lightning strikes, increases the pressure on British Coal in advance of the meeting next Tuesday between Sir Robert Haslam, its chairman, and the NUM's national executive committee.

The NUM's Lancashire area is due to consider the overtime ban at a delegate conference today. The Yorkshire area has reserved its position until after next week's meeting.

The principal issue in dispute is Sir Robert's decision earlier this month not to backdate to last November a 5.9 per cent pay rise for NUM members, but to award it in full to the breakaway Union of Democratic Mineworkers.

Also at issue is the NUM's demand for reinstatement of all miners dismissed during the 1984-85 strike, British Coal's withdrawal from the industry's former conciliation machinery and, in Durham, the threatened closure of Seaham Colliery.

The Durham ballot, announced yesterday, produced 4,106 votes in favour of a "midweek" overtime ban and 1,961 against. The majority in favour was 67.7 per cent on a turnout of about 75 per cent of the coalfield's 8,000 miners at seven pits.

Mr David Hopper, Durham NUM secretary, said there had been a majority at each pit, reflecting strong feeling against Sir Robert's "dictatorial" approach.

The Durham NUM and its mechanics section are expected to synchronise their disruptive action. The overtime ban is unlikely to start until after next Thursday's meeting of the NUM executive.

● British Coal yesterday reached agreement with the UDM on a revised conciliation machinery, giving the union a formal role for the first time.

Mr Roy Lynk, UDM general secretary, said the agreement cleared the way for presentation of the union's two-year pay claim.

Engineers press for hours cut

BY HELEN HAGUE, LABOUR STAFF

UNION LEADERS representing 1m engineering workers are pressing employers to say how much they are prepared to shorten the working week in exchange for radical changes in working practices.

Protracted negotiations on the trade-off between cuts in hours and increased flexibility on the shop floor have reached an important stage.

A meeting between the joint sub-committee of the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers' Federation adjourned yesterday.

When talks resume, the union representatives hope that the federation—which represents 5,000 companies—will put a firm figure on the cuts in working time it is prepared to countenance.

The CSEU executive meets on Friday, and the further talks agreed yesterday are not expected to be held before then. The executive is likely to sanction a continuation of the negotiations.

During yesterday's talks, the employers indicated they were prepared to soften a proposed procedure agreement which would reduce the number of unions holding full recognition and bargaining rights at plant level.

The aim of the document—separate from the main draft agreement—was to reduce the power of unions which have small memberships at individual plants.

Yesterday, the EEF negotiators indicated they did not intend to change existing recognition and bargaining rights, but to lay down a marker for the future. This went some way to mollify union fears

TUC curb on AEU in inter-union row

BY OUR LABOUR CORRESPONDENT

THE TUC has instructed the Amalgamated Engineering Union to stop recruiting staff engineers employed by Dan-Air, the charter airline, at Manchester Airport.

The ruling by a TUC disputes committee, following a complaint by ASTMS, the white-collar union, reflects the potential for conflict among unions as more manual workers become salaried staff through harmonisation of service conditions.

According to ASTMS, the AEU had begun to recruit staff engineers at Manchester after it won staff status for its former hourly-paid members employed by Dan-Air.

Although ASTMS admitted to the disputes committee it had only 32 members of the 90 staff engineers at Manchester, it said it represented almost all the 400 employed by Dan-Air as a whole. The union had negotiated their pay and conditions

The AEU claimed Dan-Air had agreed to it being involved in staff negotiations and said staff engineers would find it difficult getting alternative employment in the Manchester area without AEU membership.

The disputes committee ruled that the AEU should not become party to staff negotiations and should cease organising activities among grades concerned. This would not affect the union's representational rights for its former hourly-paid members.

The committee called for a meeting of all unions involved following claims by the AEU that some of its staff—grade members had defected to the EETPU, the electricians' union.

Electricians forced to end visit to Norway

By Our Labour Staff

A DELEGATION from the electricians' union EETPU cut short a fraternal visit to Norway yesterday amid protests over the union's role in the News International dispute at Wapping, east London.

The party, including Mr Eric Hammond, the union's general secretary, had been due to spend six days as guests of the Norwegian electrical workers' union at its four-yearly delegate conference in Oslo.

Mr Hammond was due to address the conference yesterday, the first full day of the visit. When he and his companions arrived at the conference centre they met a demonstration by Norwegian printworkers.

Inside the conference hall, Mr Hammond was told by the elecrical workers' union leaders that they expected a further demonstration by their own members and that the invitation for him to speak was being withdrawn.

Mr Hammond, Mr Frank Chapman and Mr Jim Egan, who are both EETPU executive councillors, caught the next flight home.

● The National Graphical Association's national council yesterday deferred until next week a decision on how to respond to News International's revised offer aimed at settling the eight-month Wapping dispute. Copies of the offer are being sent to the NGA's dismissed members.

Mersey dockers to vote on deal

MERSEY dockers will vote next week on a two-year pay and productivity deal, worth 4 per cent more on basic pay in each year, a lump sum of £168 a head and increases in holiday and sick pay entitlements.

The offer, negotiated over 21 weeks, will be explained in leaflets to be sent to the 1,750 dockers on Monday. The Port of Liverpool employers are expecting more flexible working practices and reduced staffing as part of the deal.

APPOINTMENTS

Top posts at Sun Life

SUN LIFE ASSURANCE SOCIETY has appointed two additional vice chairman: Lord Bancroft, who joined the board as a non-executive director in November 1983; and Mr Richard Zamboni who has been managing director of the society since 1979. Both the deputy chairman, Mr Matthew Pryor and the vice chairman, Sir Arthur Norman, retire at the next annual general meeting in May 1987. It is the board's intention to elect at that time Lord Bancroft as deputy chairman in Mr Pryor's place.

★

SAVORY MILLN's majority shareholder, Royal Trustco of Canada, has acquired the minority interest in Arbuthnot Savory Milln Holdings (to be renamed Royal Trust International), from Nordbanken of Sweden. Royal Trustco now owns 100 per cent of Savory Milln and as a consequence, Mr D. M. Wallace, Mr B. L. Bentley, Mr L. G. Merszel and Mr H. P. John have been appointed to the board as non-executive directors and Mr R. Plentl, Mr P. J. Brasier, Mr I. M. Dinwiddie and Dr M. T. Hamer have resigned from the board. Mr R. L. G. Lake has been appointed an executive director. Mr J. Westbrook and Mr M. Pedder have been appointed associate directors.

★

The CHARLES BARKER GROUP has appointed as chief executive for its main consumer advertising group, Ayer Barker, Mr Michael Williams, until recently managing director of Geers Gross in London. Mr Paddy Murray remains chairman and is promoted to group chief executive.

★

Mr Mike Dash has been appointed managing director of succession to Mr Peter Crowther, .J HOLDINGS and BAJ in who remains on the board of BAJ Holdings as a non-executive director. Mr Dash was formerly deputy managing director and director of the naval systems division, having led the management buy-out of BAJ from Vickers in 1985.

★

Sir Melvyn Rosser, chairman of HTV Group, has been appointed a director of NATIONAL WESTMINSTER BANK's West Midlands and Wales regional board. He has been chairman of the Manpower Services Committee for Wales since 1980 and sits on the nationa Manpower Services Commission, as well as being a part-time member of British Coal since 1983 an da non-executive director of Buckley's Brewery.

★

ERNST & WHINNEY has admitted eight new partners to the practice in the UK. They include seven partners in London and one in the Ipswich office. The new London partners are: Mr Barrie Akin (tax); Mr Colin Bell (tax); Ms Sue Cantor (tax); Ms Celia Johnson (audit); Mr Michael Knight (audit); Mr Will Rainey (audit); and Mr John Rendell (corporate advisory services). The new Ipswich partner is Mr Richard J. Tremer (audit).

ECONOMIC DIARY

TODAY: EEC Finance Ministers start two-day informal meeting, Gleneagles.

TOMORROW: UN general assembly resumes regular sessions after Namibia hearing, York.

MONDAY: CBI monthly trends enquiry for September. August cyclical indicators for the UK economy. Second quarter revised figures of manufacturers' and distributors' stocks. Liberal Assembly opens, Eastbourne (until September 26). EEC Employment Ministers start two-day informal meeting, Edinburgh. EEC Fisheries Council meets in Brussels, to discuss conservation. Sir Geoffrey Howe, Foreign Secrestary, President Reagan, and President Aquino of the Philippines, address UN general assembly. International Atomic Energy Agency (IAEA) discusses nuclear accidents, Vienna. Commonth wealth Finance Ministers meeting opens, St Lucia (until September 25). US budget statement for August.

TUESDAY: Sir Robert Haslam, British Coal chairman, meets NUM leaders. National Economic Development Council statement.

WEDNESDAY: Balance of payments curent account and overseas trade figures for August. New construction orders in July. 10 am deadline for TSB share applications. IAEA special meeting on Chernobyl accident (until September 26 . Bank of Scotland interim results.

THURSDAY: Personal income, expenditure and saving (second quarter). Industrial and commercial companies appropriation account (second quarter). Energy trends (July). Financing of the GCBR (second quarter). UK banking sector statistics (second quarter). Money stock (second quarter). EEC Home Affairs Ministers informal meeting, London, to discuss terrorism. FT conference on Pacific Basin oil and gas—prices, investment and the business outlook, Kowloon (until September 26). The Queen opens Commonwealth Parliamentary conference, Westminster Hall. Talks on reducing conventional forces in Europe resume, Vienna. Bundesbank central council meets, Frankfurt. Group of 24 deputies open two-day meeting, Washington.

FRIDAY: Second quarter final figures for finished steel consumption and stock changes. Jardine Matheson Holdings interim results. Group of Five Finance Ministers and central bankers meet, Washington (until October 3).

BASE LENDING RATES

	%		%
ABN Bank	10	Equatorial Tst Corp. plc	10
Allied Arab Bank Ltd	10	Exeter Trust Ltd	10½
Allied Dunbar & Co	10	Financial & Gen. Sec	10
Allied Irish Bank	10	First Nat. Fin. Corp	11
American Express Bk	10	First Nat. Sec. Ltd	11
Amro Bank	10	● Robert Fleming & Co	10
Henry Ansbacher	10	Robert Fraser & Ptrs	11
ANZ Banking Group	10	Grindlays Bank	‡10
Associates Cap Corp	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm	10	C. Hoare & Co	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Mase Westpac Ltd	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Benchmark Trust Ltd	10	● Morgan Grenfell	10
Beneficial Trust Ltd	11	Mount Credit Corp. Ltd	10
Berliner Bank AG	10	National Bk. of Kuwait	10
Brit. Bk. of Mid. East	10	National Girobank	10
● Brown Shipley	10	National Westminster	10
CL Bank Nederland	10	Northern Bank Ltd	10
Canada Permanent	10	Norwich Gen. Trust	10
Cayzer Ltd	10	PK Finans. Intl (UK)	10½
Cedar Holdings	11	Provincial Trust Ltd	11
● Charterhouse Bank	10	R. Raphael & Sons	10
Citibank NA	10	Roxburghe Guarantee	11
Citibank Savings	¶10.95	Royal Bank of Scotland	10
City Merchants Bank	10	Royal Trust Co. Canada	10
Clydesdale Bank	10	Standard Chartered	10
Comm. Bk. N. East	10	Trustee Savings Bank	10
Consolidated Credits	10	UDT Mortgage Express	¶10.8
Continental Trust Ltd	10	United Bank of Kuwait	10
Co-operative Bank	*10	United Mizrahi Bank	10
The Cyprus Popular Bk	10	Westpac Banking Corp	10
Duncan Lawrie	10	Whiteaway Laidlaw	10½
E. T. Trust	11	Yorkshire Bank	10

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£2,500+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

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Saturday September 20 1986

Politics and interest rates

THIS has been a bad week for the British Conservative party. Its social democratic opponents—potentially very dangerous opponents when Conservative support is half-hearted—have enjoyed one of those rare party conferences at which something is achieved. They started in a mood of uncertainty, and morale was low; they finished with a new unanimity and sense of purpose, and two potentially appealing electoral policies: a reform of tax and social security which could achieve both clarity and greater equality, and a strongly European defence posture.

Of course, appealing alternatives are of little account if the electors are happy with what they have got: the Conservative party managers will be a great deal more worried about the week's events in the financial markets than by rival party conferences.

A sharp fall in sterling makes a very poor text for a conference speech by a Conservative Chancellor; but to judge by the determined actions of the authorities to resist any rise in interest rates, it is clearly felt that the threat of dearer mortgages would be an even worse one. Yet the Governor of the Bank of England issued a strong warning this week about the risks of excessive mortgage lending, both as generating inflation and in overloading consumers with debt.

Consistent stance

It would be neat to conclude that those who hold down interest rates and covertly encourage the growth of debt must expect their currencies to be weak; but at this stage it would also be misleading. Such strictures would not be refuted by the Americans—but they are actively encouraging a devaluation of the dollar. Sterling is for the moment an accidental victim of what is essentially a dollar-D-Mark crisis.

The hopes which were still alive only a week or two ago that a real co-ordination of policies among the leading industrial nations might be achieved at the IMF meeting next week now look misplaced: both sides have reasserted their positions more firmly than ever. The trouble is that their objectives are totally different. The West Germans and Japanese remain consistent in the anti-inflationary stance they have adopted ever since 1981; but the US authorities are preoccupied above all with debt of all kinds.

The US Government is borrowing far too much, and the US economy as a whole is far too reliant on borrowing from overseas; but at the same time many American private borrowers are finding it difficult or impossible to meet their obligations, as are most of the Latin American countries which have borrowed so heavily from the US in the past. Even existing interest rates, achieved only by large supplies of official liquidity, are so burdensome to the problem debtors that major US banks are on the critical list.

The priority for Mr James Baker, the US Treasury Secretary, is to create an opportunity for as many as possible of the problem debtors to increase their international earnings, and so work their way back to solvency. He has been trying to persuade the surplus countries to help him by boosting demand; failing this, he will make all dollar-based economies more competitive through further devaluation. This is not a new threat, but when he repeated it in an interview this week, the markets took fright. Sterling was essentially the victim of a panic into the D-Mark.

British policy has evidently been aimed at avoiding taking sides either in the policy debate, or between the currency blocks. A firm alignment with the European Monetary System would even at this stage take a great deal of the pressure off sterling in circumstances like those of this week.

Consumer borrowing

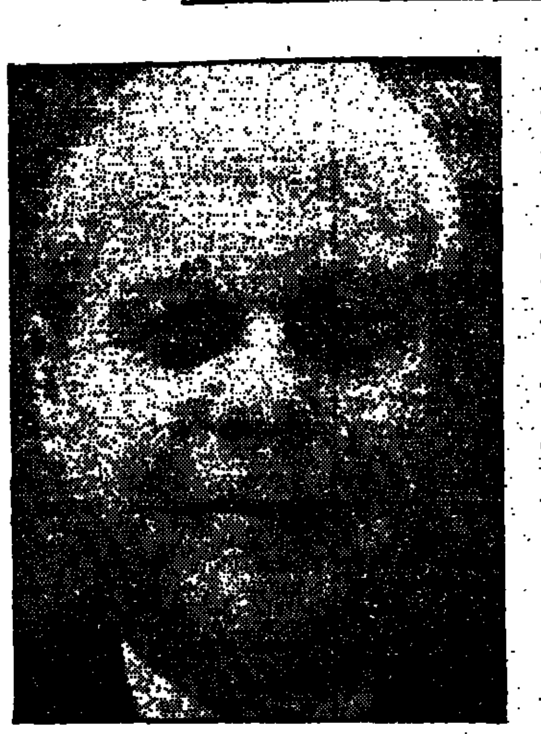
Indeed, if cost increases and credit growth were as firmly under control in the UK as the Government's medium-term strategy has always implied they should be, this alignment with Europe would be the natural next step. The fact that it would probably run into severe credibility problems is a judgment on the UK's domestic performance.

This is not a party-political judgment. The Chancellor is as outspoken about the danger of excessive rises in wage costs as the Governor is about the dangers of excessive debt. The result, however, is not just a problem for sterling, which may well remain weak even when the dollar has settled to some new level. It presents a whole set of dilemmas for the Government.

The difficulty for Mr Lawson is that he really requires to defend sterling if his message about costs is to get home; for during the long slide against the D-Mark, British employers have actually gained competitiveness in Europe despite their relaxed approach to the bargaining table. Higher interest rates would help both by attracting foreign investors and by discouraging consumer borrowing, which is currently financing a consumer boom which threatens the current account balance. A slide into deficit would not only further weaken sterling, but would rule out any meaningful tax cuts.

Yet firm policies could also leave sterling weak if they still further weaken popular support for the Government, since election factors will show increasingly in the market from now on. A Conservative Chancellor's lot is not always a happy one.

THE TREATY OF THROGMORTON STREET



● Ian Steers

Richard Lambert and Alexander Nicoll look at the background to this week's historic agreement between the Stock Exchange and the international securities industry

● Sir Nicholas Goodison

How the City kept its act together

THE ATMOSPHERE was icy when the two sides started talking at the beginning of this year. The representatives of the international securities firms looked on the Stock Exchange as a stuffy, bureaucratic club which had missed out on most of the major market opportunities of the previous decade.

The Stock Exchange, for its part, regarded the international firms as little better than a group of Gucci-shoed cowboys, who were trying to edge its members out of their legitimate business. "I have looked at Eurobond secondary market dealings, and I do not like what I see," its chairman had said. Relations reached such a point at one stage that the Bank of England is believed to have told the two sides to cool it.

Yet within the next few weeks, members of the Stock Exchange will be asked to throw open their doors to well over 100 international firms. If they agree to the constitutional reforms announced this week, the exchange's ruling body will be changed out of all recognition, with the international firms gaining equal representation in the market's corridors of power. The old principle of unlimited liability will disappear, and control will pass from the hands of individual members to their firms.

If the reforms are not approved, the Stock Exchange will lose its arm-lock on the trading of UK securities and would risk becoming a backwater. Investors wishing to buy shares in ICI will have to look at two competing market places to find where they can get the best price.

In a bid to prevent this, one of the most conservative bastions of the British establishment is proposing reform of the most radical kind. The Stock Exchange, with some 200 years of history behind it, is planning a merger on equal terms with a body which did not exist at the beginning of last year. It is not even clear whether Sir Nicholas Goodison, the Stock Exchange chairman, will emerge at the top of the pecking order in the new institutions.

Three years ago, the idea that the Exchange could accept change on this scale would have been laughable. Yet the writing was already on the wall.

Starting in the early 1960s, the Eurobond market had developed in a largely unregulated way to become much the biggest of London's securities markets. Capitalised at $50bn in the mid-1970s, the figure has climbed to over $500bn today. Trading turnover in the international market reached $3,000bn last year, with some three quarters of the business reckoned to be channelled through London.

Almost all of this growth has passed by the Stock Exchange and its members. Ringed around with exchange controls, and comfortable in their near monopoly of the domestic securities industry, they had no great incentive to push out into the rough waters of the Euromarkets. And there were practical difficulties, too.

The euromarkets work on the basis of negotiated commissions, and make no distinction between the role of agent and principal. The Stock Exchange, by contrast, had a rigidly enforced scale of minimum commissions, and clear separation between broker and jobber — a structure which would have been difficult to defend if its members had been active in the euromarkets. Moreover, none of them had much in the way of capital, which ruled them out as serious competitors for the big investment and commercial banks.

The removal of exchange controls and the agreement to abolish minimum commissions changed the whole nature of the game. To their great discomfort, brokers found that their clients were perfectly happy to trade BP shares in New York, if they could do so on better terms than in London.

At the same time, the eurobond houses — especially the giants like Merrill Lynch of the

Reform of the most radical kind is proposed

US or Nomura Securities of Japan — increasingly were applying their huge muscle in their domestic stock markets to the international field. International firms have been investing vast amounts of capital in new equity trading desks in London to deal in the shares of the 500 or so companies which are viewed as truly international stocks.

The catalyst that turned these trends into radical reform was the Government's financial services legislation. By the middle of last year, it had become clear that nobody would be allowed to trade in London unless authorised by an officially blessed self-regulatory organisation — an SRO. That included the international firms, which until then had seen no reason to submit themselves to domestic regulation.

Enter Mr Ian Steers, vice-chairman of the Canadian firm Wood Gundy, and the driving force behind the pressure group formed by the international firms to deal with regulatory change in London. Despite his image as the head cowboy riding into town, he is an amiable pipe-smoking Englishman who numbers senior Stock Exchange members among his friends — he even shares ownershop of a racehorse with them.

But Isro, the orgainsation he leads, was not in a mood for compromise when it came into existence last year. Its power base was substantial and has been built up to 187 member firms. Of these, 45 are American and 43 Japanese, including securities firms and banks each employing hundreds of people in London. Only 38 members are UK based.

One of the first questions to be tackled by Isro was about trade in international equities. Under the new legislation, which has still not come into law, all such dealings will have to come under the aegis of an organised exchange with price disclosure requirements. The alternative would be that each individual trade would have to be reported directly to the Securities and Investments Board, the new umbrella regulatory body.

It soon became clear that Isro meant business. "As we got into the Bill, it became apparent to the Stock Exchange that we were not just guys throwing bricks around, making trouble; that we had a vast array of talent to draw on," says Mr Steers. At an early stage, Isro started to consider the idea of setting up its own investment exchange, covering different kinds of securities — including international equities.

The news sent a shiver running right up the Stock Exchange tower. Some 70 per cent of its trade in equities is concentrated in the shares of around 60 companies, the so-called alpha stocks. These were just the securities that would find a market among international investors. If this business started to be creamed-off from the Exchange, the economics of the market would be undermined.

Swallowing hard, and after a number of private dinners between Sir Nicholas, Mr Steers and their senior colleagues, the two sides started talking.

Right from the start, Isro insisted that it wanted strict conditions on any deal with the Stock Exchange. According to one participant, "There was a great fear that some bureaucrat in the Stock Exchange tower would start telling us how to do our business."

Accordingly, Isro wanted equal representation on the governing body of any new institution, an idea which at first the Exchange did not care for at all. It also wanted a great deal of power to be delegated to committees of practitioners in the new market. And it was determined that voting power should lie in the hands of member firms rather than in the 5,226 or so individual members of the Exchainge.

The Stock Exchange seems to have had fewer demands, its over-riding aim being to preserve and develop the central market place. One thing which was important to it, however, was the name of the new exchange. This week's announcement bore all the signs of committee draftsmanship: the Exchange "would be named 'The International Stock Exchange in the UK and in the Republic of Ireland,' but would be known as 'The Stock Exchange.'"

As the months passed, the discussions took on a friendlier tone. One reason was that the old distinctions between domestic and international business were crumbling rapidly. No one ever came up with a satisfactory definition of what an international equity actually was, or for that matter was able to quantify the volume of trading in such issues. And an increasing number of international firms were gaining a presence on the Exchange anyway. Today 56 members of Isro are either on the Exchange in their own right or own member firms.

Thus one of the principals on the Stock Exchange side came

Will members recognise the inevitable?

from Akroyd (prop. Mercury International): Sitting opposite him for a time was a man from Warburg Prop. Mercury International): Prominent on the Isro side was Mr Stanislas Yassukovich of Merrill Lynch, which is now a member of the Stock Exchange: yesterday; Wood Gundy itself announced it was joining up too.

Under the deal which has now been struck, the initial council of the Exchange will be made up of 31 people, of which 15 will be appointed by the Exchange and 15 by Isro. The Chief Executive of the Stock Exchange will also sit on the council as a non-voting member. Representation on the governing body of the new regulatory organisation will also be equally divided. Isro appears to have gained most of its negotiating points: from the Stock Exchange's point of view, the essential point is that all equities will be traded on one exchange.

Sir Nicholas Goodison is quick to dismiss any suggestion that he is giving away the family silver. "The important point to stress is the continuity of a central securities market," he says. "We've made it clear all along that there is an open door policy to membership."

Existing members will have to approve the proposals by a majority of 75 per cent, in a vote which is likely to take place in early November, just a few days after "Big Bang." In the summer of last year, the Exchange just failed to carry proposals which would have shifted control from individuals to firms, and established a market in the shares of the Exchange itself, which could have been freely traded among members.

That vote raised a great deal of steam among small firms, which felt they were being done down by the big battalions. But it was taken well before the threat from Isro became apparent. As Sir Nicholas was quick to point out this week, it would not only be the Exchange's trade in blue chip securities that would suffer if the market was split apart.

"The marketability of securities in the Stock Exchange would be bound to suffer if market-making firms switched part of their risk capital to another exchange," he commented.

Indeed it could be argued that small firms need a central market even more than their big competitors. To do a proper job for their clients, they would need a presence on both markets—and the costs would be disproportionately heavy for the one man band. Looking at the positive arguments for change, optimists argue that the position of the London capital market will be substantially improved if everyone comes together. "All the world's players are here," one argues. "We could take business away from New York."

Will members recognise the inevitable? One very delicate question concerns the Stock Exchange's assets. Proprietors' funds stand at around £120m, mostly represented by the tower and its equipment. There is no question of the new entrants being prepared to pay fat entry fees. So there is a view that existing members should be recompensed in some way for the dilution of their interests.

This will be a subject of much agonising in the next few weeks and could indeed prove a stumbling block. The Exchange needs all its funds for a heavy development programme, and any form of distribution would bring serious tax problems.

If last summer's row is any precedent, these proposals could prove difficult to push through. The smaller firms have been leading a comfortable life and will need a lot of persuading that the proposed changes have not been designed solely with the giants in mind.

So far, there is no indication of how members will respond. But there is very little time for debate, and members are going to have their work cut out in the next few weeks anyway, what with all their clients clamouring for shares in TSB and the upheaval of October 27, when minimum commissions are abolished.

Sir Nicholas makes no bones about how much the vote matters. "It is the culmination of everything that has happened in the past few years," he says. "In ten years time, historians will identify it as the most important decision of all."

Man in the News

Jacques Chirac

A risky pitch for the centre of the stage

By David Housego

THERE ARE some pledges which politicians know they will never be allowed to forget. When Mr Jacques Chirac, the French Prime Minister, declared on Thursday night on French television that the terrorists "will not escape," he knew that he was putting his reputation on the line.

If Mr Chirac can halt the terrorist movement before the French consensus buckles under the strains of exploding bombs, he will emerge a much taller man. But if his administration looks muddled and powerless—as it did at times last week—in the face of a hidden and well-organised enemy, then his Presidential ambitions will take a tumble.

For much of the past fortnight, Mr Chirac has appeared to be engaged in a duel with the terrorists.

They challenged his pre-election promise to diminish terrorism and reinforce security by bombing the Paris town hall, where Mr Chirac is major. He replied by declaring "war" on terrorism and promising new tougher measures against it. A few days later a bomb went off at Paris police headquarters.

Mr Chirac has been quick off the mark in reacting when the terrorists have struck. He has been seen and heard on radio and television. He has left in no doubt, in presiding over the inner cabinet's security meetings, that the decisions on policy have been his—not least at a time when President Mitterand has been away on a state visit to Indonesia. His stature has grown accordingly.

Before he took office in March, Mr Chirac still carried the reputation of being unpredictable, nervous in a crisis, and prone to act on the latest advice offered to him. Since being Prime Minister, he has shown himself much more sure-footed, astute in his choice of ministers, ready to delegate authority and able to side step the traps tha Prtesident Mitterrand has laid

On television on Thursday, he succeeded in putting across that mixture of assurance, determination and cool-headedness that he was seeking. It was difficult to believe that it was the same man who only weeks ago was arguing inside the cabinet for the negotiated release of George Ibrahim Abdullah, the suspected leader of the Lebanese Armed Revolutionary Faction, and that in the summer he received a member of the Lebanese Hezbollah, Party of God, the extremist Shi'ite faction, to discuss the fate of 16 French hostages in Beirut.

But Mr Chirac has by no means shed all his "gung-ho" habits

On Sunday, he said on radio that the "day we catch a terrorist red-handed, he will talk," stirring memories of some of the less subtle techniques French troops used in Algeria — and forgetting that Georges Abdallah has so far notably succeeded in not "talking." Mr Chirac added: "those who are behind the terrorists will be the subject of draconian reprisals . . . whatever the consequences . . . they will pay a very high price."

In practice, one of the most difficult decisions that Mr Chirac could face in the coming weeks is whether to retaliate with strikes against Arab states believed to be providing support or whether to try and eliminate terrorists, as has been suggested, by non-judicial means.

In this tussle, the Government's advantage is that Middle East-based terrorists—small in number — will have difficulty passing unnoticed in a predominantly hostile French environment. They can only count on limited support from France's now increasingly nervous Arab community. The terrorists' advantage, on the other hand, is that they can fade away beyond France's borders.

How successfully Mr Chirac handles the terrorist issue will clearly be decisive in the remaining 20 months of "cohabitation" as well as for Mr Chirac's presidential ambitions. The pressures to maintain national unity have meant that President Mitterrand could not afford to be seen to be out of tune with Mr Chirac.

In the days to come it will be difficult for Mr Mitterrand to sound a note of discord over issues like the new electoral law and the redrawing of Parliamentary constituency boundaries where he is in open disagreement with Mr Chirac's proposals. Mr Chirac intends to present the President with the decree redefining the Parliamentary constituencies at next Wednesday's cabinet meeting—gambling that President Mitterrand will not want to appear to threaten the national unity by provoking a conflict over these issues at a time of crisis.

All of this represents something of a high-risk strategy for Mr Chirac. Although much in the public eye in the last fortnight, he has chosen not to state clearly whether he thinks (as the police do) that the bombing wave is the work of a small terrorist group or (as his own aides have hinted) a more systematic attack on the French state by a constellation of such groups backed by a number of Middle East nations.

It is almost as if he is prepared to deepen an already cavernous sense of national drama ,believing in his own destiny as the man who will be seen to steer the country to safer shores.

In the public opinion polls, Mr Chirac lags behind both Mr Mitterrand and Mr Raymond Barre — the latter his most likely rival on the right as a presidential candidate.

Among voters of the centre, Mr Chirac remains suspect. In that sense, although it may be ugly to say so, Mr Chirac stands to gain politically if he can project himself in the crisis as a man of consensus.

من الأصل

The poaching of the Greens' policies

FEW LOCALS realise it, but the Green Party is in Newcastle Civic Centre this weekend for its annual conference. There are no banners or placards, and no picketing. That would be visual pollution.

It is an instructive contrast to the razzamatazz and stridency of Blackpool and Brighton in conference week. The Greens in most ways are like no other party, except in this; they demand to be taken seriously.

Concern over conservation and the environment, once the preserve of an eccentric middle-class minority, has reached centre stage. For the political parties the stakes are high, and from the experience in West Germany and elsewhere in Europe, Britain's politicians increasingly acknowledge that they ignore "green" issues at their peril.

The change of attitudes has apparently posed few problems for the Conservative and Labour Parties, or for the Alliance. They have simply, and sometimes blatantly, altered their policies to suit the new mood. The race is on for the green vote.

But it is less easy for the Green Party. Greens have seen many of their policies pinched and they are uncertain how to react. "It is extremely gratifying . . . it means we have more leverage. There are genuine policy shifts going on in other parties which can only be to our advantage," says Jonathon Porritt, now a rank-and-file party member but for three years co-chairman.

"Our policies are being taken in a very exploitative and vote-catching way. It is all a bit of a sham," says Steve Rooney, London area representative on the party council.

The Greens insist that their policies must be assessed as a whole. Since its days as the Ecology Party, there has been a full programme of policies that would entail fundamental changes in the economic, social and defence spheres; all changes designed to preserve the world's ecology. "We look at the roots of all our problems," says Lindy Williams, one of the three current co-chairs.

The question is how to get this radical message across now that some of the more accessible and attractive clothes have been stolen.

It is easy enough to poke gentle fun at the party. There remains a flavour of the 1960s: flower-power, sandals and beards. "There is a crèche in the basement and a meditation room on the first floor. Meals will be vegetarian and meat substitute," came an early announcement at the opening session yesterday.

By Richard Evans

A city suit is regarded with benign curiosity and there is some incongruity. "Oh, you are from the FT, I've put in for some TSB shares. How do you think they will go?"

It is less easy to summarise what the party stands for. It attracts people whose prime interests range from civil rights and a total nuclear ban to animal welfare and organic agriculture.

In essence the main headings are a commitment to non-violence, the banning of all nuclear energy, a return to self-sufficiency, both individually and internationally, the introduction of a basic income for all, non-exploitation of the Third World and, above all, conservation of the earth's resources.

Morale is high and the party will enter the next general election campaign much better prepared than ever before, despite chronic cash problems. Membership is nearly 6,000—16 per cent up on a year ago but party members say this trend predated the Chernobyl disaster.

Party headquarters, based between a Chinese restaurant and a unisex hair salon in dingy offices near Kennington Oval, have charted a steady increase since the formation of the Ecology Party in 1973 — the name was changed a year ago to bring the Greens more into line with the continental parties.

The party had only 53 parliamentary candidates in 1979, but this rose to 109 in 1983. It was an expensive propaganda exercise as all lost their £150 deposits, taking an average of 1 per cent of the popular vote.

Support increased in the 1984 Euro-elections, but a much bigger boost came in the local elections in England and Wales in May of this year when 500 candidates, twice as many as ever before, managed an average poll of 6.4 per cent.

Only two candidates were elected, but the vote if repeated in a parliamentary election would be enough to avoid losing many deposits. In West Germany's system of proportional representation it would mean about a dozen members in the Bundestag.

The party intends to field around 150 candidates in the next general election, but this will depend on finances. An election fund of £50,000 is the target. But the party could face substantial losses with the deposit increased to £500.

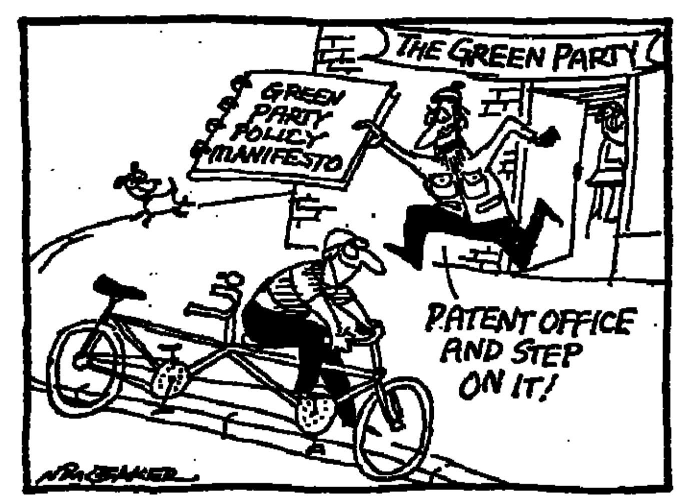
The meagre cash reserves—the accounts show a turnover of only £20,000 centrally—all come from membership fees, donations and local fund raising.

One of the issues under discussion this weekend is the party structure, which is deliberately loose, with as much influence as possible kept at grass roots level.

There are 260 local parties, run autonomously but organised loosely into 14 areas. Each area sends a representative to party council, the organising body—policy is decided by conference.

In addition there are eight nationally elected representatives on the council, four elected at conference, and four by postal ballot of all the membership. The council elects three co-chairs each year to act as co-ordinators, rather than leaders.

When Jonathon Porritt chaired the party for three years before becoming director of Friends of the Earth he was a recognised face representing the party and articulating its policies. The current co-chairs, all women, Jo Robins, Lindy Williams and Ann Darnborough, have not established such a high public profile and this could become a problem as the general election approaches.



Party strategists are well aware of the dangers that loom. The other parties, having trimmed and tailored their own policies, will dismiss the Greens as being irrelevant. There will also be a significant tactical voting by potential Green supporters in a General Election, something which always squeezes small parties.

If Green issues play a large role in the election, then Labour and Alliance parties will have to convince voters that their substantial programmes are not just vote-catching rhetoric, and the Conservatives will have to explain why they have jumped on to the bandwagon so late.

The Greens, who regard themselves as an eventual party of government although they have put no time-table on the aim, will have the hardest task of all. They will have to persuade millions to abandon what to the majority is a very comfortable lifestyle. It is going to be a long haul.

Food from Britain: a harvest of in-fighting

Nicholas Saphir: a long goodbye as Food from Britain's chairman.

OVER THE past few [illegible]s, a most peculiar hunt [illegible]een going on — accon. by much private minist[illegible] arm-twisting—among the great and the good of Britain's farming and food industries.

The aim: to find a new chairman for Food from Britain, the beleaguered marketing quango. One is urgently required because a new governing council is supposed to take office on Monday with the aim of giving the organisation a new look. Mr Nicholas Saphir, chairman since the organisation was founded in 1983, let it be known over six months ago that he wanted to leave. But prestigious as the job of marketing leader for the food and farming industries might sound, no one, so far, has felt able to take it on.

One early candidate, Sir Richard Butler, ex-president of the National Farmers' Union, had to bow out when he came under fire for taking on a lucrative job with the Italian food group Ferruzzi. Another, Mr David Naish, deputy president of the NFU, was vetoed by his fellow-farmers because they said he could not combine the two jobs. Sir John Harvey-Jones of Imperial Chemical Industries said he was too busy.

So Mr Saphir will probably have to stay for another few months—struggling to combine his efforts to keep the organisation together with his duties as chairman and chief executive of Hunter-Saphir, a small fresh produce distribution company.

Food from Britain was launched in 1983 with much hullabaloo and £14m of Government money by Mr Peter Walker, then Minister of Agriculture, in 1983. Conceived against a background of expanding British food production, growing farm surpluses and shrinking conventional sales outlets, it was supposed to perk up farmers' attitudes to marketing and galvanise food processors into boosting sales of British produce at home and abroad.

In short, the idea was to encourage fruitful collaboration in the industry — much along the lines of successful centralised food marketing bodies on the Continent like France's Sopexa and West Germany's CMA. Both have budgets many times the size of FFB's; both are making increasing inroads with speciality foods into the British market.

Instead, Food from Britain has turned out to be a recipe for in-fighting of a quite extraordinary variety between farmers, food-makers, the Government and bodies like the Milk Marketing Board and the Meat and Livestock Commission.

Few of these conflicts have been resolved, and the organisation is left with a depleted budget (despite containing Government financial support), a reduced staff of just 20 in the marketing division, an incomplete sense of purpose and an unremitting, and often unfair, hail of bad publicity. Yet an awful lot of people — from the Prime Minister

By Andrew Gowers

through the present Agriculture Minister, Mr Michael Jopling, to the chairman of Allied-Lyons, Sir Derrick Holden-Brown — have staked an awful lot of their personal prestige on the project.

Both Mr Jopling — despite initial reservations — and Sir Derrick have been urging farmers and food manufacturers to dig into their own pockets to support the organisation this year as Government funding begins to wind down, but with only limited success. What has gone wrong?

Part of the trouble, in the view of the most people involved, stems from the way that Food from Britain was launched. "When it started, it was flashy and superficial," says Mr Brian Law, who was brought in as chief executive from the Mars confectionery company in 1984. "The Ministry of Agriculture tends to clutch at straws, and ministers are always looking for a gimmick. It was a flashy exit for him (Mr Walker) and a lifeline for his officials.

"It was imposed (on the industry), and it wasn't thought through. The people who would have to fund the activities were never really consulted about or committed to them."

Neither the Ministry of Agriculture nor Mr Saphir, who has been involved with the organisation since it was little more than a twinkle in the eye of Mr Walker's marketing officials, agrees. "The high profile at the start may have led to disappointment," he concedes. "But it was necessary in order to get the thing off the ground."

He maintains that Food from Britain's remit was deliberately vague because of its status as a Government-funded experiment.

"When they heard about it, people said: 'That's a good idea, but how's it going to be funded?'" he recalls. "At that point the in-fighting started. A lot of people were not going to put money into the project until it had proved itself. So the reality is that you couldn't thrash out the details in advance."

It is also an inescapable fact, though, that Food from Britain has had distinctly mixed results in its marketing activities. It has scored some promotional successes in its four targeted export markets, France, Benelux, West Germany and the US; Mr Saphir says UK exports to those markets were up 9 per cent last year while sales to other areas performed a lot less impressively. It has also been popular with small and medium-sized manufacturers—particularly those concerned with speciality foods.

But at home, where 50 per cent of its resources were to be spent from the outset, the organisation has made much less of an impact. Its chosen vehicle for promoting British food—using a sort of brand label known as the Quality Mark—ran foul of three large retail multiples, which felt it could constitute an encroachment on their jealously guarded own-label business.

The big food manufacturers, with their powerful, multinational brands, saw little need for this part of the organisation's work either.

The Government always said that its funding of Food from Britain was a temporary affair, and the body would have to find its money from the industry after the five-year start-up. It subsequently agreed to provide up to £2.5m annually for another three years after 1988 provided the farming industry put up at least £3m itself.

This fiscal year, FFB's funds are well short of the £6m it says it needs to maintain domestic and overseas programmes, although it has been saved from total collapse by an endorsement and promise of funds from cereal growers following a referendum several months ago, as well as £500,000 chipped in —after pressure from Mr Jopling—by food manufacturers.

"We'll look back in a few years' time and ask: 'What was all the fuss about?'" asks Mr Saphir.

Instead.

But first, will the new chairman for Food from Britain please stand up?

Letters to the Editor

Come back, inflation

From the Chairman, P. and W. Maclellan

Sir,—I have three business interests: industrial supplies, property trading and agriculture. The development of all three is being curtailed by the continuing real interest rate situation.

In industrial supply, we are destocking as fast as we are able and purchasing hand to mouth, plus emptying warehouses to save rents and rates. This has a knock-on effect on our suppliers, generally contributing to unemployment and giving our world-wide customers substantially longer delivery dates. Because we also are able to make job savings our remaining few staff can have fully justifiable increases in excess of inflation.

North of Watford potential investors in our property can afford to take their time before purchasing as, in real terms, all properties are losing capital value. This has meant our curtailing investment and refurbishment thereby further contributing to unemployment to the detriment of the nation's economy. Frankly, our tenants will have to suffer the fact that improvements will not be made as we are not spending banks' cash for a negative return.

With *the end of capital* allowances, essentials only are the order of the day in agriculture—all cash generated is needed to pay off interest charges. Despite prognostications, as a general rule, farmers will not go bankrupt but the few hundred thousand people employed in supply to agriculture would be well advised to think of another occupation.

Government orders for the industries that I am connected with appear to be:

- *Don't invest* in anything in the UK.
- Make a continuing contribution to unemployment.

Come back, inflation: all is forgiven.

Chris Howard.
Nocton Rise, Lincoln.

BBC plans for local radio

From the Managing Director, BBC Radio.

Sir, — Mr Norman Bilton, of Radio Wyvern (September 18) made selective quotations from my remarks about BBC Radio and its aspirations. What I said at the Radio Academy in Glasgow was that, once the BBC local radio chain was complete, I foresaw little likelihood of further BBC radio expansion. Instead I anticipated that further choice would be provided by stations that were either community or commercially led, and indeed I welcomed such developments.

The completion of the BBC local radio chain is both a well-planned and a well-signalled development, designed to ensure an equivalence of service throughout England. Listening figures, and audience response to existing BBC local radio stations demonstrate that there is a public satisfaction with what the BBC offers locally, just as there is a different but equally justifiable public appetite for what is offered by the ILR network. Is Mr Bilton seriously contending that there is room for only one sort of local radio?

Brian Wenham,
Broadcasting House, W1.

Fast trains across the Channel

From the director, Channel Tunnel, British Rail.

Sir,—I refer to Mr Ashton's letter (September 13) regarding the speed of high speed passenger trains through the Channel Tunnel. It will be helpful to get the facts straight. The following types of trains will operate through the tunnel:

1—Eurotunnel shuttle services conveying cars, coaches and lorries from portal to portal.

2—Through high speed passenger services operated by British Rail and its continental partner railways.

3—Through freight wagon and container services operated also by those railways.

Eurotunnel's shuttle trains and the high speed passenger trains will all operate through the tunnel at the same speed — a maximum of 160 kph. The through freight trains will operate at 110 kph or 90 kph, depending on the type of wagon conveyed. It is perfectly possible, as in normal railway operation everywhere, to ensure that the freight trains are sent through the tunnel at times to avoid slowing down the high speed services. Eurotunnel and BR's planning provide for this.

It will be BR's objective to maximise the commercial opportunities for through freight services from all parts of the UK. Indeed, we are looking closely at the opportunity for through motorail services. This will provide a major contribution for limiting heavy lorry traffic proceeding to the Eurotunnel terminal at Cheriton in Kent. Nevertheless, the amount of lorry traffic is bound to remain considerable.

I believe that Eurotunnel's plans for efficient terminal operation and the proposed motorway and road improvements in Kent will ensure that the worries that Mr Ashton writes about are not realised.

M. J. Southgate.
Waterloo Station, SE1.

Annual general meetings

From Mr A. D. Neate

Sir,—I wish to draw your attention to the manner in which the AGM of British Telecom was conducted.

What upset many shareholders was the chairman's desire to limit the time for questions. The meeting ended half an hour earlier than last year.

It is not good enough to say that questions unable to be raised at the AGM will be answered by correspondence. *There are many aspects—for* example the question I wished to put regarding Oftel's handling of British Telecom's relations with Mercury—which are of important interest to shareholders and need airing at the AGM.

The chairman's handling of so-called points of order revealed his inexperience and his use of the guillotine made one wonder if some questions were too hot to handle.

The meeting was held at the National Exhibition Centre at Birmingham and many shareholders travelled considerable distances to attend, incurring overnight hotel expenses.

So what should be the norm for the length of time for an AGM?

A. D. Neate.
54 Links Lane, Rowlands Castle, Hants.

Kilburn raid blamed on European court

From the Director, College of Journalism

Sir,—Though I am generally a supporter of the Common Market, I think one should object to the role played by the European Court of Human Rights.

This court interferes in Britain's affairs in a way that is at best redundant and at worst causing actual harm. A story in the press recently is perhaps an extreme example. Under the heading "Schoolboy braved killer in knife raid" I read about a raid on a Woolworth store in Kilburn, London, in which a man threatened to kill two women and held a boy assistant at knifepoint.

Then comes the really interesting bit. The raider was a former inmate of Broadmoor who had been released against the advice of his British doctors who still considered him dangerous. But they had been overruled following a decision by the European Court of Human Rights.

Why should membership of the Common Market allow a supra-national court to set killers free to roam our high streets? Are our doctors so incompetent that they need a watchdog drawn from a dozen different countries, and whose members possibly have little understanding or sympathy for British ways?

I do not think we need a European Court of Human Rights in present-day Europe. Its existence probably owes more to idealistic zeal by politicians and bureaucrats than any real need for such an institution.

J. B. S. Birch.
62 Fleet Street, EC4.

No dominance in the art market

From the chairman, Society of London Art Dealers

Sir, — In his Weekend FT report on the major London salerooms (September 13) Antony Thorncroft says: "At the moment, there is a dominance in the art market by the salerooms." In fact, there is a fairly equal balance between the share of the market held by the auctioneers and by the dealers.

A recent survey has shown that the turnover of the members of the Society of London Art Dealers, which includes some 65 of London's leading dealers in paintings, exceeds the London turnover of the two major auction houses, Christies and Sotheby's. It is not just "a good after-sales service" which attracts clients worldwide to the galleries of London art dealers.

Julian Agnew.
43, Old Bond St, W1.

Guinness price rise mismanaged

From the resident director, Racehorses Hotel, Kettlewell

Sir,—Under the headline "No-one is irreplaceable" (September 8) your editorial speaks of Mr Ernest Saunders and his team at Guinness as being highly regarded as managers.

In our mail the same day we were notified of a 12 per cent price increase for half-pints of bottled Guinness, effective from October 1.

This curious conjunction seems to suggest that those gentlemen may not even be competent managers.

We shall run off our stock of bottled Guinness and not re-order. And we might behave similarly with other Guinness stock.

J. Rowbottom.
Skipton, Yorks.

Less wine in the bottle

From Mrs I. Haag

Sir, — Red wine, eg claret, Burgundy, Cote du Rhone etc — has been marketed for a long time in 0.75 litre bottles, while hock and other German white wines' traditional bottle contains 0.70 litres.

Recently, the British wine trade has introduced quietly — *even slyly* — the sale of red wine in 0.70 bottles. These bottles which on the shelf look deceptively like the traditional 0.75 bottles are mixed in the stores with French or Spanish wine in 0.75 bottles. It is true that the label indicates — often in very small print — the 0.70 content but the nomally ultra-communicative wine shippers and merchants have been discreet about this shrinkage. Many price lists do not even specify the size of the bottle. Price comparisons in a wine store require binoculars to read the labels on the higher shelves, and a pocket calculator to determine the difference.

The European Commission (in order to bring about standardisation so as to avoid *"harmful consequences" arising* from different contents) has ruled that 0.63 and 0.70 bottles are no longer permitted for wine "from fresh grapes" and must be completely harmonised by January 1 1989. Why then have British wine merchants switched to the 0.70 bottles? Obviously not in the interest of the customer. (The French, of course, have kept the 0.75 bottle — except when bottling for the British market).

Would it not be sensible, and fair to the *consumer* in our country, to go back to the classic red wine bottle before the EEC Directive compels the wine trade to do so?

Inga Haag.
1 Upper Wimpole St, W1.

Tax subsidy on company cars

From Mr D. R. Bishop

Sir,—Malcolm Gammie's article on the true benefit of *a company car* to a private user (Finance and the Family, September 13) is extraordinarily superficial and ingenuous. He concerns himself only with the net effects of car and petrol scale charges. These are piffling when compared with the full true costs of buying and running a car at private expense. He omits to consider capital outlay and interest charges, amortisement, maintenance and repairs, insurance, road tax, motoring organisation membership, and ferry costs.

Private use of a company car is always a great benefit to those who have it. The scale charges do little to reduce this tax subsidy which is, of course, paid for by others, not least by those who buy and run their own cars.

D. R. Bishop.
The Ropewalk, Hauxton Road, Little Shelford, Cambridge.

Enterprise Oil plunges but dividend is held

BY LUCY KELLAWAY

Enterprise Oil, one of the largest UK oil exploration companies, yesterday announced a sharp fall in net profits from £36m to £12.5m for the first six months of 1986.

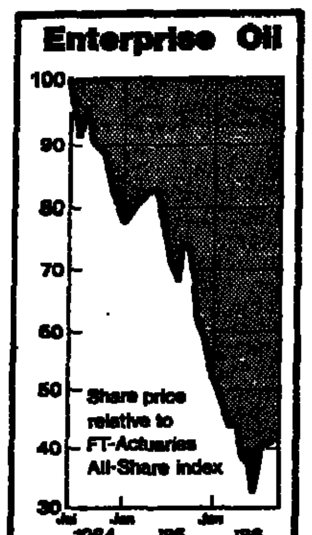
However, unlike other exploration groups including Britoil and Tricentrol, Enterprise is maintaining its interim dividend at 3.5p, and relief at an unchanged payout pushed the shares up 5p to 128p yesterday. If Lasmo, which reports next week, moves as expected to cut its dividend, Enterprise will be alone among the big exploration companies not to have made a reduction.

Like the rest of the sector, Enterprise has suffered from the fall in oil prices from an average of £21 a barrel last year to £11 a barrel this year.

Mr William Bell, chairman, said yesterday that prospects for the rest of the year were uncertain. "The dollar oil price and the dollar/sterling exchange rate are the critical factors which will determine our results in the second half and neither is susceptible to any reliable prediction," he said.

He also indicated that a write-off against the value of assets might be necessary as a result of the fall in oil prices, but that this would "kept under review."

The decision to maintain the dividend was prompted by a healthy cash position, which strengthened by £11.2m during the first six months to £31.2m net. However, Mr Bell warned that there will be some outflow in the second half as a result of a large tax payment on last years profits .



Stated earnings per share were lower at 5.8p compared with 17p.

Although oil production rose by about 10 per cent to 7.1m barrels in the first half, turnover dropped from £146.8m to £79.7m, while pre-tax profits were almost wiped out, falling from £61.7m last year to just £1.2m.

Enterprise has cut its exploration budget for 1986 half compared with the level initially planned. It said yesterday that further savings were likely as a result of discussions with its partners on ways of cutting operating and development costs.

Despite cuts against budget, exploration activity continued during the period at a cost of £24.1m (£19m), and five new oil discoveries were made. The company drilled a total of 23 wells, five of which were appraisal wells, and five in which it was operator. Enterprise was awarded 11 licences in the first onshore licencing round, and is now looking at the acreage on offer offshore in the Tenth Round.

Appraisal work on the Ravernspurn North gas field has been particularly encouraging, the company said, and a decision to develop it should be made soon, while early developments of satellites to the Beryl field is also being considered.

The tax credit for the year was £11.3m (£25.7m charge) made up of a PRT credit of £14.6m, and corporation tax of £3.3m.

See Lex

Takeover Panel to rule on AE shares

By David Goodhart

The Takeover Panel is expected to rule next week on the circumstances surrounding AE's narrow escape from Turner & Newall.

Turner & Newall said yesterday that it had formally brought to the panel's attention the reports which claimed that up to 10m AE shares had been bought by supporters of AE's independence just before the end of the bid. As soon as the bid lapsed these shares were sold at a considerable loss.

The panel will be considering whether AE may have been involved, directly or indirectly, in the acquisition of its own shares, which could be a breach of the Companies Act. It will also be considering whether AE's advisers, Cazenove and Hill Samuel, were involved in any transactions which should have been disclosed.

Turner & Newall said yesterday that it viewed the situation with great concern and would pursue the matter vigorously.

It is understood that the main focus of inquiry is likely to be AE's merchant bank, Hill Samuel. However, Mr Christopher Roshier, a director of Hill Samuel, said last night that it had escaped many people's notice that disclosures were made to the Stock Exchange regarding the acquisition of just under 4m shares by "associates of AE."

He added that, regarding the remaining batch of shares which had been sold just after the bid lapsed, a perfectly good explanation had been elaborated to the panel.

Sirdar agreed bid for Burmatex

Sirdar, the highly profitable manufacturer of hand knitting yarns, has reached an agreed deal with another West Yorkshire company, Burmatex, which values the carpet tile group at £16.8m.

Sirdar has already received irrevocable undertakings from several Burmatex directors which add up to 62.4 per cent of the company.

Miquel takes charge at Belhaven Brewery

BY LISA WOOD

MR RAYMOND MIQUEL, former chairman of Arthur Bell, the Scotch whisky company, is to take over as chairman and chief executive of Belhaven, the Dunbar-based brewery, in a major board reshuffle and change of the company's major share ownership.

Mr Miquel resigned from Bell last November, four months after Guinness, the brewing group, won a bitterly-fought takeover battle for it.

The appointment follows the £3.8m sale yesterday to Henry Ansbacher, the merchant bank, of a 17.5 per cent stake (4.5m shares) in Belhaven which Bestwood, investment and property services group, built up over the last 20 days. A remaining stake of about 1m shares acquired by Bestwood, will be retained in unit trusts managed by Bestwood. Mr Tony Cole, chairman of Bestwood, said the sale had given Bestwood a near seven-figure profit.

Henry Ansbacher, which acquired the shares for itself and institutional investors, said it was to buy a further 2.5m shares from Establisement Novedil, owned by the Shohet family, at the same price of 85p a share, bringing the stake to a total of 27.25 per cent.

Mr Miquel will replace Mr Nasmu Virani, who will become a non-executive director. A substantial portion of Bestwood's stake was acquired from Mr Virani, whose family property and hotel company has held a substantial minority stake in Belhaven for the past 2½ years. In 1984 when Mr Virani took over as chairman the Virani businesses held a stake of 27.3 per cent.

Two other directors, Mr Zul Virani and Mr B. Solanki are to resign from the board in due course. The Virani group will maintain a shareholding.

Mr Virani said yesterday: "We came into the brewery when the share price was 13p. We have done what is requirer and we have got one of the top drinks industry men to run the business.

"It will be fantastic if he does for Belhaven what he did for Arthur Bell.' '

The headquarters of Belhaven, which recorded a 12 per cent rise in pre-tax profits of £1.52m on sales of £13m for the year ended March 1986 will be moved from London back to Scotland.

Mr Miquel, who has kept a low profile since leaving Arthur Bell, was responsible for building the company's major whisky brand into the US market leader. Mr Miquel has not totally severed his relationship with Guinness for he serves on the group's international advisory council.

Belhaven has expanded rapidly over the last two years and has interests in a number of hotels in addition to its brewing and off-licence businesses.

● Anheuser-Busch, the diversified US corporation subsidiaries of which include the world's largest brewer, is to seek a listing on the London, Frankfurt, Paris and Zurich stock exchanges before the end of 1986.

The corporation, which owns Budweiser, believes the listings will help increase awareness of its products in the UK and continental Europe as well as achieving wider recognition of Anheuser-Busch by the international financial community.

Goldsmiths takes over hotels group

By David Goodhart

THE loss-making Prince of Wales hotel group, which owns the Imperial Hotel in Blackpool, has been taken over by Goldsmiths Group, the jewellery, leisure and financial services company.

The agreed deal, which values Prince of Wales at just under £13m, has been accepted by Quality Inns, the US hotels group which owns 30 per cent, and Swiss and Norwegian shareholders who own 26 per cent.

Goldsmiths moved into hotels last year when it acquired six Victorian hotels from Saga. Mr Jurek Piasecki, Goldsmiths' chairman, said he has been looking at Prince of Wales for several years.

However, some analysts said Goldsmiths was widely regarded as a bid target itself and the current bid had been partly envisaged as a "poison pill" defence move. Ratners, the jewellery group, was offered a 12.5 per cent stake in Goldsmiths last week.

At the end of 1984 Prince of Wales looked set to change hands for £15m in a deal with Comfort Hotels Group, but Comfort was then acquired by Ladbroke and the deal was abandoned.

In 1985 Prince of Wales made a pre-tax loss of £390,000 on turnover of £13.76m. Loss for 1986 should be reduced to about £75,000.

Mr Piasecki emphasised that he expected to save £560,000 a year through rationalising his separate hotel interests and another £400,000 from ending a management payment to Quality Inns.

The offer comprises 17 new Goldsmiths shares for every 38 Prince of Wales (with a cash alternative of 85p). This will mean the issue of 5.5m new Goldsmiths shares, expanding the share capital by 36 per cent. Goldsmiths made pre-tax profits of £675,000 on turnover of £39.5m in 1986.

Mr Piasecki said the hotels would fit well into the group as they tended to make money in the summer, while jewellery made money in December.

Telemetrix falls into the red

BY PHILIP COGGAN

A QUARTER of the market capitalisation of Telemetrix, the computer graphics company, was wiped out yesterday on news that the company had fallen into the red in the year to July 6 1986, passed its final dividend and foresaw a further loss in the first half of this year. The shares closed 14p down at 42p.

The pre-tax loss was £719,000, on turnover of £17.9m, compared with a £4.7m profit on turnover of £20.2m in 1985. After a tax credit of £79,000 (£1.1m charge) and extraordinary item of £175,000 (nil), relating to the closure of two subsidiaries, losses per share were 3.1p (earnings 17.9p).

The new chairman and chief executive, Mr Roy Cotterill, blamed slack demand for computer graphics terminals, but he believed that the £1.5m spent last year and the £1.8m to be spent this year on product development would provide the key to the company's future success.

Increased sales in West Germany were offset by a bad year in the US, although international sales continue to represent more than half of Telemetrix's turnover. The company has decided to restrict its direct US presence.

The company will in future concentrate on three divisions, Westward, Telemetrix Research and Isoplastics.

The trading loss of £196,000 (£4.9m profit) allowed for the exceptional costs of £112,000 relating to extra depreciation and £150,000 relaing o redundancies. Interest charges were up to £532,000 from £176,000.

● comment

Telemetrix was slow to respond to a change in customer taste from monochrome to colour displays and now the accounts show in black and white that the company is in the red. It has been a classic case of a company expanding its capacity just at a time when the market was shrinking. For the foreseeable future, there is little for the company to do but batten down the hatches and hope its new products will sell well. To that end, the admirably straight-talking new chairman is determined to cut costs and a sale of the US subsidiary could soon follow. He will have an uphill task. Gearing is now 49 per cent but with the shares at 42p, a long way from the 375p they touched in early 1985, shareholders are unlikely to respond to a request for a rights issue. Any kind of profit would be welcome this year and none but the brave will try a punt on the share price.

Parrish acquires stockbrokers

BY CHARLES BATCHELOR

J. T. Parrish, the "shell" company which started life as a Newcastle department store, is to buy two small stockbrokers in a move which will create Britain's first quoted independent stockbroking group.

The more common route for stockbroking partnerships seeking to expand their financial resources ahead of the Big Bang on October 27 has been to become part of financial conglomerates.

The seeds for yesterday's announcement were sown in August 1985 when Mr Keith Hughesdon, former deputy chairman of Mercantile House, and Mr Peter Bainbridge, another former Mercantile director, became shareholders in Parrish and joined the board.

Parrish is acquiring Dunkley Marshall, which has offices in the City of London and Bournemouth, and E. F. Matthews, which is based in Colchester, for a total of £1.38m.

These acquisitions will be accompanied by a restructuring of Parrish's capital, comprising a subdivision of its 25p shares into 5p shares and a two-for-five rights issue at 160p a share (equivalent to £8 a share before the subdivision) to raise £2m net of expenses.

Dunkley Marshall is a 10-partner firm which made profits before tax attributable to the partners of £777,000 in the year ended April 1986. Parrish is paying £903,200 for the business.

E. F. Matthews is a five-partner firm which made pre-tax profits of £238,000 in the 59 weeks ended June 1986. Parrish will pay £331,160 for the firm and £150,000 for a related company, CIC, which owns the freehold of Matthews' offices.

● Exco International, the financial services group, is to take a 60 per cent stake in Le Masurier James and Chinn, the last remaining independent stockbroking partnership in Jersey. The remaining shares will be held by existing partners and interests of Mr D. M. Wheeler.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Sept 19 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thur Sept 18 Index No.	Wed Sept 17 Index No.	Tues Sept 16 Index No.	Year ago (approx.) Index No.	1986 High	1986 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (212)	674.18	-1.0	9.14	3.82	13.91	13.26	681.32	677.75	676.59	522.14	753.28 30/4	567.56 14/1	753.28 30/4/86	50.71 13/12/74
2	Building Materials (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (184)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Publishing & Printing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Miscellaneous (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (482)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (101)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (734)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	FT-SE 100 SHARE INDEX †	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Fri Sept 19	Day's change %	Thur Sept 18	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	—	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	—	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	—	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	—	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]
Index-Linked					
6 5 years	[illegible]	[illegible]	[illegible]	—	[illegible]
7 Over 5 years	[illegible]	[illegible]	[illegible]	—	[illegible]
8 All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]
9 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Preference	[illegible]	[illegible]	[illegible]	—	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Fri Sept 19	Thur Sept 18	Year ago (approx.)	1986 High	1986 Low
British Government					
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked					
11 Inflat'n rate 5% 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Inflat'n rate 5% Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Inflat'n rate 10% 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Inflat'n rate 10% Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Opening index 1599.6; 10 am 1599.1; 11 am 1602.2; Noon 1601.0; 1 pm 1598.9; 2 pm 1598.7; 3 pm 1599.2; 3.30 pm 1599.0; 4 pm 1599.1.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/4/82	100.00
Office Equipment	16/1/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGES: Brompton Holdings (40) has been deleted and replaced by Horne (Robert) Group NV W (32).

Charterhall suffers £6m loss

BY TERRY POVEY

Charterhall, the oil and gas company in which Mr Russell Goward's Westmex company took a controlling stake in July, yesterday announced pre-tax losses of £6.2m for the six months to June following a £5.6m provision to cover an expected sharp fall in the value of the company's assets.

In July, Westmex subscribed to an issue of 65m Charterhall shares priced at 14.75p each. This gave the Australian company control with 53.27 per cent of the expanded equity. The £9.6m raised through the subscription has been used to strengthen the cash position of Charterhall and to make an investment of around 10 per cent in Lookers, the Manchester-based car dealer.

Mr Goward was until a year ago chief executive of IEL, Mr Ron Brierley's Australian holding group which is the tenth largest company in the country. He has spent the last week in London and Manchester speaking to institutions and companies about his plans for Charterhall. Speculation is that the oil and gas company will become an investment vehicle for Westmex and shares closed up 2p at 27p last night.

Charterhall's turnover in the opening half dropped to £2.73m from £5.8m following the halving of crude oil prices. Gross profits were £330,000 (£2.76m) but after administration costs of £1.28m (£1.03m) and other operating costs, a pre-provisions loss of £800,000 (profit of £1.77m) has been reported.

Fearing that its oil and gas assets will need to be devalued, Charterhall has made a £5.61m provision (a provision of £278,000). After this provision, operating losses of £6.4m (a profit of £1.49m) have been posted.

Allied Lyons buys Spanish wine businesses

Allied Lyons, the UK food and beverages group, has bought two locally owned Spanish wine and spirits distribution businesses for an undisclosed sum as part of the expansion of its Spanish operations.

The businesses are Commercial Agencies (Spain) and Commercial Agencies (Tenerife).

Allied Lyons owns the Harvey's Bristol Cream sherry brand.

● Saccone & Speed, the wine and spirits wholesaling subsidiary of Courage, the UK brewer acquired this week by Elders IXL, the Australian brewer, has sold a 88.6 per cent equity stake in its Spanish subsidiary, Saccone & Speed (Iberia), to Savin SA, the Spanish wine group.

Brownlee management backs Meyer's £18m bid

Meyer International, the largest British timber group, has won the backing of the management of the Glasgow-based timber and builders merchant Brownlee to the £17.7m takeover bid it launched on September 3.

Meyer has not increased the value of its cash bid but has added a partial share alternative, which, unusually, is pitched below the cash offer. It has also increased the preference offer from £6 to £7 cash per share.

Mr Robert Jack, Brownlee chairman, said his board had pressed Meyer to add the partial share alternative to give shareholders an option which did not immediately involve them realising a capital gain.

But Meyer was anxious to limit the dilution of its existing shareholders and was not prepared to make a share offer at a higher level than the cash bid, he added.

Given Brownlee's recent poor trading performance it was in no position to press for a share alternative pitched above the cash offer, Mr Jack said. Pre-tax profits fell from £2.64m to £891,000 in the year ended March 1986.

Meyer's original 74p cash offer is unchanged. Brownlee shareholders may opt to take up to one half of the value of the offer in shares on the basis of one instead of 250p cash.

Meyers' shares fell 4p yesterday to 238p to put the share alternative on a 4.8 per cent discount to the cash offer. Brownlee was unchanged at 73p.

There is also a loan note alternative which may be taken instead of all or some of the cash.

Richardsons Westgarth back in black

A SUBSTANTIAL cut in finance charges and rent income of £47,000 enabled Richardsons Westgarth to return to the black in the first half of 1986. On turnover down from £8.8m to £7.55m the engineer and stockholder reported pre-tax profits of £26,000 against losses last time of £35,000.

Earnings per 10p share came out at 0.2p, compared with a 0.3p loss last time. The directors do not intend paying an interim dividend. The last payment was made in 1981.

Trading profits came out at £13,000, down from £123,000, but there were exceptional items this time of £8,000, including the rent income, and finance charges fell from £158,000 to £56,000. After extraordinary debits of £97,000 (£325,000) the attributable loss was cut from £340,000 to £72,000.

Extraordinary items included a debit of £449,000 from the sale of E. Gerald and RV Offshore Services and a £340,000 credit arising from Humber Graving Dock which was liquidated during the period.

The directors said that in the second half interest charges would be further reduced following the sale of surplus property and the receipt towards the end of the first half of £960,000 as part of a pension fund surplus.

Penney Eastor

Richards Longstaff does not own a half share in the Scottish stockbrokers Penney Easton, as reported in yesterday's FT, but operates a joint venture—Penney Longstaff—with Penney Easton, which is an independent broker.

London & Edinburgh plans stake in Kellock

BY LIONAL BARBER

London & Edinburgh Trust, the fast-growing property company, yesterday unveiled plans to take a substantial minority stake in Kellock Trust, with the eventual aim of using Kellock as the sole vehicle for its financial services business.

LET, along with a group of investors including Mr John Gunn, the financial entrepreneur now with British & Commonwealth Shipping, and Mr John Beckwith, LET chairman, is to inject more than £7m of new equity into Kellock. Mr Beckwith is to become Kellock chairman.

LET and the group of investors are likely to hold 45 per cent and 5.1 per cent of the equity respectively. Kellock will also acquire a 75 per cent stake in Kellock Trust, with the stake in LET's insurance broking subsidiary, Burlington, by issuing new shares. There is an option to acquire the balance.

Kellock is to retain a stock market quote. This will offer an equity incentive to managers and allow the two businesses to develop on separate market ratings, LET executives said this week.

LET will subscribe £5.69m for 710,763 new ordinary shares of 5p each in Kellock and 5.98m new variable rate convertible preference shares, each at 85p per share. The investors' group will further subscribe £1.43m for 1,345m new Kellock convertible at the same price.

Let's advisers, Barclays de Zoete Wedd, will also make an estimated £10.6m offer in loan stock at around 88p per share for the whole of Kellock's equity. It is then proposed to convert all the issued and unissued Kellock convertible preference shares into Kellock ordinary and to split each ordinary into five ordinary of 1p each.

If this goes ahead, Kellock, advised by Brown, Shipley & Co, will issue one new ordinary of 1p for every share o 5p held on September 19, 1986 at a price of 17p per 1p share (equivalent to 85p per 5p share before the reorganisation), raising £2m.

Mr Nicholas Oppenheim and his partner Mr Felix Cgonder, Kellock directors, are to resign to pursue other interests. They have agreed to accept or procure acceptances in respect of 2m Kellock shares of which not less than 860,696 will be Kellock ordinary. Mr Oppenheim will, however, hold at least 250,000 Kellock convertible preference in the group.

The proposed enlarged share capital of Kellock will comprise 26.57m ordinary shares with all shares having equal voting rights. LET proposes to retain between 40 per cent and 49.9 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Breedon and Cloud	int	3.25	Oct 31	3	—	10
Horace Cory	int	0.3	Nov 5	0.2	—	0.6
Desoutter Bros	int	3.5	—	2.5	—	7.3
Dinkie Heel	int	0.3	—	0.2	—	0.4
Enterprise Oil	int	3.5	Nov 10	3.5	—	8.5
Northern Ind		12.78	—	8.6	17.78	13.6
Telemetrix		nil	—	1.15	0.6	1.75

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

INTERNATIONAL COMPANIES and FINANCE

CURRENCIES and MONEY

Berlin baker buys Neue Heimat

By Peter Bruce in Bonn

DGB, West Germany's main trade union umbrella body, said yesterday it had agreed to sell the bulk of its debt and its scandal-ridden property company, Neue Heimat, the biggest home owner in Western Europe, to a little-known Berlin baker.

The man, 55-year-old Mr Horst Schiesser, is believed to be putting up around DM 50m ($25m) of his own money for all of Neue Heimat's property outside the states of North Rhine Westphalia and Hessen. This means he takes over about 190,000 homes.

The sale of Neue Heimat, after long efforts to rescue it from its DM 17bn debt mountain, is a severe blow to trade union credibility in West Germany. Established after the war to envelope existing union properties, the group quickly expanded into building schools, hospitals and hotels at home and abroad.

In 1982, amid accusations of fraud, management changed hands and it became clear that the group was in serious trouble.

Rescue efforts

In the past few years the Government has refused to extend federal aid to Neue Heimat and, as relations between the Government and the unions have worsened, rescue efforts have dissolved into little more than political point scoring.

Some 68,000 homes have been sold since 1982 in an attempt to claw back some of the debt but only 11,000 have been bought by people who previously rented from the group. The disposals have increased rents in some parts of the country, often bringing the unions into conflict with members.

DGB's main recent success has been to persuade both North Rhine Westphalia and Hessen, run by the Social Democrats who are in opposition in Bonn, to takeover the 73,000 homes in the two estates.

Immediate loan

Mr Schiesser, whose bakery group turns over about DM 300m a year, is believed to have been promised an immediate DM 100m loan by the DGB's central holding company and a further DM 100m for 1987 and 1988. In addition, the holding company, which controls a bank, has apparently promised to cover DM 400m of last year's losses and DM 600m of the losses expected this year.

It is not known how much Neue Heimat debt Mr Schiesser is going to assume. Most of the estimated DM 17bn is long-term debt raised on property assets but about DM 2bn to some 40 banks matures this year.

BHP tumbles 40% in first quarter

BY ROBERT KENNEDY IN SYDNEY

LOW OIL prices and consequent reduced production have eaten deeply into the first quarter profits at BHP, the resources and industrial group which is Australia's largest corporate entity.

Net profits for the three months ended August have tumbled by 40 per cent to A$182.4m (US$114m) from the A$304.2m of the opening quarter of last year. BHP plans to maintain its interim dividend at 17.5 cents a share, however.

The steel division saw profits slip from A$79.9m to A$61.7m for the quarter. The result was held back by lower shipments. Exports fell by 107,000 tonnes and domestic demand tailed off by 76,000 tonnes.

The weakness of the Australian dollar has pushed up BHP borrowings significantly with US dollar debt jumping by around $900m in the period.

But, gains on the translation of overseas net assets have—for accounting purposes—more than offset the cumulative losses on foreign debt, BHP points out.

Total group turnover for the first quarter were A$2.1bn, down by around 7 per cent from the A$2.25bn notched up for the same quarter a year earlier.

Petroleum profits were A$24.3m, a drop of A$147m on the A$171.7m for the same quarter last year. BHP Petroleum earned A$43m, but Utah International's petroleum interests in the US ran up a loss of A$19.3m.

The company said the increase — from 46 cents to 49 cents in the dollar — in the corporate tax and the new fringe benefits tax had also had an adverse effect on net earnings.

For the whole of 1986-87 BHP expects results to show some signs of improvement but it has little hope of being able to equal the A$1bn profit achieved for 1985-86.

Utah International (Minerals) achieved an increase in profit to A$50.2m from A$38.7m despite a drop in sales to A$369m from A$399m. The biggest factor in the improvement was a jump in coal shipments. BHP Minerals earned A$26.3m, against A$41.8m last time.

Ralston in talks with Anderson Clayton

BY WILLIAM HALL IN NEW YORK

RALSTON PURINA, the world's largest petfood producer, has entered the battle for Anderson, Clayton, the Houston food processor, and yesterday said that it was negotiating to buy the company for $750m.

The news that Anderson and Ralston were having takeover talks came less than 15 minutes after a Delaware court blocked Anderson, Clayton's controversial recapitalisation plan.

Anderson, which has been under attack from a group of investors led by Bear Stearns and Gruss and Co, has offered to buy back two thirds of its shares for $60 a share in an effort to defeat a $56 a share bid from the outside investor group. The latter plans to sell Anderson's pet food business to Quaker Oats for $250m.

However, the Delaware Chancery Court yesterday barred Anderson, Clayton from proceeding with the partial buy-back offer until October 10. The court's decision was the second legal setback for Anderson which on Thursday was ordered to remove various "coercive" anti-takeover measures. In particular, Anderson wanted to require an 80 per cent approval by shareholders of any plan to acquire control of the company.

Mr William Stiritz, Ralston Purina's chief executive, indicated yesterday that he intended to recommend to his board the purchase of Anderson, Clayton at $62 per share in cash subject to negotiation of a definitive agreement.

Ralston Purina has been undergoing an extensive reorganisation over the past couple of years. In 1984 it bought Continental Baking from ITT for $450m and in June this year bought Eveready Batteries, the US group, from Union Carbide for $1.4bn.

It has also shed several of its less profitable businesses and in July said it planned to sell its US animal feeds business to British Petroleum for $500m. This last deal is scheduled to close early next month.

Anderson, Clayton shares closed ¼ down at $56½ yesterday, ahead of the news.

Unilever seeks rest of Naarden

BY LAURA RAUN IN AMSTERDAM

UNILEVER, the Anglo-Dutch food and detergents conglomerate, said yesterday it would go ahead with its public offer of Fl 90 a share for the outstanding 51 per cent of Naarden, the Dutch flavours and fragrances company.

The friendly, cash tender offer values Naarden at Fl 379m ($149.5m), of which Unilever has already paid Fl 186m through open-market purchases made immediately after its August 18 announcement of a possible bid. Unilever paid an average of Fl 89.60 a share for about 2m shares, significantly above the Fl 54 price prevailing just before the announcement.

Naarden is to be combined with Unilever's existing flavours and fragrances company, PPF International, providing greater resources for the costly research and development that is increasingly necessary to stay competitive. Specific emphasis will be on biotechnological developments and creative sectors where fickle market tastes can be difficult to follow. The two companies' product groups and geographical spread are considered to fit together well.

Naarden is recommending that its shareholders accept the Unilever offer, which apparently satisfies its demands for a degree of operating independence and identity. An extraordinary shareholders' meeting will be held on October 16 to discuss the offer.

Unilever said it would not negotiate with individual shareholders, a reference to reports that Arab Banking Corporation of Bahrain is demanding at least Fl 100 a share for the 10 per cent stake it holds. Whether Unilever would be satisfied with less than all of Naarden's shares is to be made clear early in October, when more details of the bid will be revealed.

Sandoz takes over Meynadier

By John Wicks in Zurich

SANDOZ, the Swiss chemical concern, is to strengthen its position in the building-chemicals industry through the acquisition of Meynadier Holding.

Hitherto been owned by its employees, Meynadier has an important market position in Switzerland and a number of other European countries in quality building chemicals. Sales last year amounted to SFr 153m ($95m).

Sandoz has already forecast turnover from building chemical existing activities of over SFr 500m for the current year.

Austrian bank expects state to cut stake

BY PATRICK BLUM IN VIENNA

OESTERREICHISCHE Laenderbank, Austria's third largest bank, said yesterday that it expected "current discussions between political parties would lead to agreement next year on reducing the state's shareholding in the bank from 60 per cent to 51 per cent.

Speaking on the occasion of the launch of a major capital raising programme for the bank, Mr Herbert Cordt, managing board member, said that discussions with the Austrian Government on reducing the state's share had already taken place. "We can imagine that a decision could be made early next year," he said.

The bank favoured the state retaining its majority shareholding. "We would not like (the state's shareholding) going below 51 per cent. It is an asset to have the Government of Austria as majority shareholder," Mr Cordt said.

The bank also announced that in the forthcoming weeks it will issue a package of participation certificates and warrants to raise up to Sch 2.1bn ($147m) in new capital.

The participation certificates are roughly equivalent to risk-bearing non-voting shares. The issue will be offered simultaneously in Frankfurt, London, Vienna and Zurich.

Mr Konrad Rupold, managing board member, said he expected that the certificates would be issued within the next two weeks at the appropriate time to take advantage of the most favourable market conditions.

In a first step, participation certificates with a nominal value of Sch 200m will be sold, with about one-third being sold in Austria and two-thirds on the international market. The bank expects to raise about Sch 800m from these and up to Sch 1.3bn later from the warrants. The warrants can be exchanged for participation certificates within three years of their date of issue.

Laenderbank is likely to seek further capital on the Euro-market early next year, Mr Rumbold said. The bank will also be seeking a listing on the Frankfurt and Zurich stock exchanges before the end of the year and possibly on the London, Munich and Paris exchanges later.

Skandia stages dramatic recovery at eight months

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SKANDIA, the leading Swedish insurance group, has staged a *dramatic recovery in the first* eight months of the year with an operating profit of SKr 518m ($76m) compared with a loss of SKr 190m in the corresponding *period of* 1985.

The biggest improvement has come from the group's investment income, which increased to SKr 558m from SKr 79m in the first eight months of 1985.

Despite hefty premium increases in many sectors, Skandia still made a small loss on its underwriting operations of SKr 40m but this was sharply reduced from an underwriting loss of SKr 269m.

Skandia said that the cost of claims remains at the same high levels reached last year. Costs in some sectors such as motor insurance are still increasing, and Skandia expressed concern at the number of road accidents on Swedish roads.

Mr Bjorn Wolrath, chief executive, *said that despite the* higher profits achieved this year the level of profitability in the insurance industry was still "unsatisfactory." He warned that additional premium increases would be necessary, unless the cost of claims could be reduced.

Losses in the consumer division were reduced to SKr 42m from an operating deficit of SKr 143m a year ago, while the business division produced profits of SKr 60m compared with a loss of SKr 82m.

The strong surge in share prices on the Swedish stock market has provided a considerable boost for Skandia's own capital resources which have increased by SKr 2.9bn to SKr 8.63bn since the beginning of the year.

US chip makers sales fall

BY LOUISE KEHOE IN SAN FRANCISCO

NATIONAL Semiconductor, one of the largest US chip makers, is to close its plants for 14 days before the end of the year, because of continuing deterioration in semiconductor sales.

Separately, LSI Logic, the largest US semi-custom chip manufacturer, expects to report for the third quarter its first loss since the company went public in 1983.

Operating losses will come to about $2m for the three months ending September 28, and sales will be slack.

For the third quarter of 1985, LSI Logic reported net income of $2.8m, or seven cents per share, on revenues of $34.4m. Throughout the industry's wide recession of the past two years, LSI Logic has been one of the few US chip makers to remain profitable.

LSI, however, expects to return to operating profit and higher revenues in the fourth quarter.

The rate of new orders booked in the third quarter have been very encouraging, said Mr Wilfred Corrigan, the chairman.

Adelaide Steamship soars

ADELAIDE Steamship Company, the Australian investment company, boosted net profit by 95 per cent to A$117m (US$73m) in the year to June 30. *The result was attributed* to the control of operating costs and improved margins. Market share was also increased, Our Sydney Correspondent writes.

Final dividend has been raised to 18 cents per share, from 16 cents.

All but one of the group's *divisions* performed satisfactorily despite a downturn in the home building market in the second half. The exception was Duncan Group, the building supplies offshoot.

Mr John Spalvins, Adelaide Steamship's chief executive, said that although Australia's economic outlook remained difficult directors were confident of further growth in 1986-87.

David Jones, the company's main retailing arm, lifted domestic retail sales by 36 per cent to A$950m.

LONDON TRADED OPTIONS

Option		Calls			Puts		
Allied Lyons (*306)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*549)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*283)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*277)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire (*304)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Distillers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Spen.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit Aero	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guinness	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 1991	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plessey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn EMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

September 19. Total Contracts 23,712. Calls 13,821. Puts 9,891.
*Underlying security price.

FOREIGN EXCHANGES

Dollar steady but nervous

SHORT COVERING ahead of the weekend left the dollar with mixed changes after Thursday's sharp fall. Positions were covered in an attempt to minimise exposure to any possible action by the Bundesbank if it tried to support the US unit. Much of the day's attention focused on the Japanese yen which had lagged behind the D-Mark on Thursday. Yesterday's improvement by the yen was seen as a catching-up process and the dollar fell to a record low of Y152.35 down from Y153.60.

Elsewhere the dollar finished at DM 1.9920 compared with DM 1.99 and FFr 6.5250 from FFr 6.52. It was unchanged against the Swiss franc at SFr 1.61. On Bank of England figures, its exchange rate index fell to 108.9 from 109.1.

Despite the steadier trend, the market was still extremely worried about the tough stance taken by the West German and Japanese authorities in their determination not to cut interest rates. *In the short term the only* solution was seen as a fall in the dollar, a view backed up by statements from US officials earlier in the week.

US economic statistics released yesterday attracted little attention although personal expenditure showed a rise of 1.1 per cent, some way above expectations while personal income was up 0.4 as expected.

Sterling finished *slightly* up from Thursday's closing levels but was unchanged from its opening exchange rate index of 69.6. Thursday's close was 69.4. The pound *remained on the sidelines* for much of the day which was fortunate since the market continued to show a complete lack of confidence. A small rise in oil *prices may have provided some* support as well as higher interest rates. Nevertheless sterling remained very vulnerable. Against the D-Mark it rose to DM 2.94 from DM 2.93 but fell against the yen to Y224.75 from Y226. It was higher against the dollar at $1.4760 from $1.4725 and SFr 2.3775 compared with SFr 2.37. Against the French franc it finished at FFr 9.63 from FFr 9.6025.

The continued strength of the D-Mark caused problems within the European Monetary System by putting pressure on the *weaker currencies. The Danish* krone was at its cross-rate intervention point against the D-Mark and was nearly at its divergence limit in Ecu terms. Part of the krone's problem is that last April's realignment included a one per cent revaluation in terms of its central rate. This was met with surprise at the time and while the Belgian franc which was the other currency revalued by one per cent, has so far kept well within its prescribed limits, the Irish punt which was left unchanged in April, has since suffered a devaluation of S per cent.

£ IN NEW YORK

Sept. 19	Close	Prev. close
Spot	$1.4750-1.4780	$1.4750-1.4780
1 month	0.47-0.46pm	0.47-0.46pm
3 months	1.49-1.47pm	1.49-1.47pm
12 months	5.65-5.55pm	5.65-5.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sept 19	Previous
8.30 am	69.6	70.2
9.00 am	69.8	70.1
10.00 am	69.7	70.1
11.00 am	69.7	70.0
Noon	69.7	69.9
1.00 pm	69.6	69.9
2.00 pm	69.6	69.7
3.00 pm	69.3	69.2
4.00 pm	69.6	69.4

CURRENCY RATES

Sept. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.825586	0.710653
US $	5½	1.21771	1.05035
Canadian $	8.47	*	1.45977
Austria Sch	4	17.2002	14.6912
Belgian Fr.	8	50.7054	43.3714
Danish Kr.	7	9.27408	7.91855
D'mark	3½	N/A	2.09071
Guilder	4½	2.76481	2.36212
French Fr.	9½	8.01740	6.84930
Lira	12	N/A	1445.28
Yen	3½	187.893	159.968
Norway Kr.	8	8.82231	7.58927
Span'h Pta.	—	160.981	138.068
Swedish Kr.	8	N/A	7.15338
Swiss Fr	4	1.900	1.68969
Greek Drch	20½	162.735	139.938
Irish Punt	—	N/A	0.765888

*CS/SDR rate for September 18: N/A

CURRENCY MOVEMENTS

Sept. 19	Bank of England Index	Morgan Guaranty Change %
Sterling	69.6	—25.5
U.S. Dollar	108.9	+0.9
Canadian Dollar	75.7	—13.1
Austrian Schilling	132.9	+8.7
Belgian Franc	97.3	—6.1
Danish Kroner	89.2	+1.1
Deutsche Mark	141.5	+19.0
Swiss Franc	170.4	+23.7
Guilder	130.3	+12.4
French Franc	70.4	—13.5
Lira	48.0	—15.8
Yen	217.6	+62.0

Morgan Guaranty changes: Average 1980-82=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Sept. 19	£	$
Arg'tina	1.5485-1.5640	1.0510-1.0540
Aus'tlia	2.3338-2.3436	1.5885-1.5905
Brazil	20.39-20.41	13.77-13.84
Finland	7.0679-7.1155	4.8300-4.8320
Greece	194.66-197.98	131.43-133.58
H'kong	11.476-11.488	7.8000-7.8020
Iran	112.20*	76.20*
Kuwait	0.4310-0.4320	0.2925-0.2930
Lux'burg	61.00-61.10	41.30-41.40
Malaysia	3.8700-3.8800	2.6300-2.6350
N'Z'land	3.1020-3.1030	2.1066-2.1130
Saudi Ar.	5.5230-5.5275	3.7495-3.7500
Sin'pore	3.1825-3.1895	2.1610-2.1630
SAf (Cm)	3.2365-3.2600	2.2025-2.2075
S.Af.(Fn)	6.6215-6.8520	4.4945-4.6510
U.A.E.	5.4095-5.4145	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST POUND

Sept 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4715-1.4810	1.4755-1.4765	0.48-0.45c pm	3.78	1.52-1.49pm	4.08
Canada	2.0431-2.0559	2.0480-2.0508	0.01c dis-par	0.03	0.01dis-par	0.03
Nethlnd.	3.30¼-3.33¼	3.31¼-3.32¼	1¼-1⅛c pm	4.51	4¼-3⅞pm	4.82
Belgium	60.81-61.25	61.00-61.10	16-11c pm	2.65	48-39pm	2.86
Denmark	11.06⅜-11.16½	11.12-11.13	1½-¼ore pm	0.94	3¼-1⅞pm	0.92
Ireland	1.0660-1.0800	1.0760-1.0770	0.06-0.14c dis	−1.11	0.13-0.38dis	−0.95
W. Ger.	2.92⅞-2.95⅞	2.93½-2.94½	1⅜-1⅛pf pm	5.10	4¼-3⅞pm	5.53
Portugal	211.52-214.23	212.03-213.65	78-141c dis	−6.17	243-398dis	−6.02
Spain	193.48-194.80	194.27-194.55	18-59c dis	−2.38	40-100dis	−1.44
Italy	2,021-2,043¾	2,032-2,033	par-3 lire dis	−0.89	2-6dis	−0.79
Norway	10.63-10.69½	10.65¼-10.66¼	3½-4ore dis	−4.07	9½-10½dis	−3.78
France	9.57¾-9.68	9.62½-9.63½	2¼-1¾c pm	2.41	6¼-5¾pm	2.41
Sweden	10.00¾-10.09¾	10.05-10.06	⅞-par ore pm	0.52	2¾-1½pm	0.75
Japan	223¾-228½	224½-225½	1-¾y pm	4.67	3-2¾pm	5.12
Austria	20.57-20.74	20.69-20.74	8½-7½gro pm	4.49	25¼-22¼pm	4.58
Switz.	2.35¾-2.39	2.37½-2.38½	1⅛-1c pm	5.68	3⅞-3¼pm	5.89

Belgian rate is for convertible francs. Financial franc 41.90-42.00. Six-month forward dollar 3.07-3.02c pm. 12-month 5.75-5.65c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4715-1.4810	1.4755-1.4765	0.48-0.45c pm	3.78	1.52-1.49pm	4.08
Ireland†	1.3680-1.3775	1.3710-1.3720	0.63-0.47c pm	4.81	2.15-1.60pm	5.46
Canada	1.3831-1.3900	1.3878-1.3881	0.25-0.28c dis	−2.29	0.85-0.90dis	−2.52
Nethlnd.	2.2400-2.2605	2.2505-2.2515	0.15-0.13c pm	0.75	0.44-0.39pm	0.74
Belgium	41.20-41.45	41.30-41.40	3-5c dis	−1.16	11-15dis	−1.25
Denmark	7.51¼-7.57	7.53½-7.54	1.50-2.10ore dis	−2.86	5.40-6.15dis	−3.05
W. Ger.	1.9810-1.9995	1.9915-1.9925	0.25-0.22pf pm	1.41	0.75-0.70pm	1.45
Portugal	144½-145	144½-144¾	100-140c dis	−9.95	315-415dis	−10.09
Spain	131.10-131.95	131.75-131.95	55-70c dis	−5.70	170-200dis	−5.62
Italy	1,372-1,381½	1,376¾-1,377¼	6-7½ lire dis	−5.87	18-19½dis	−5.44
Norway	7.20-7.24¾	7.21¾-7.22¼	4.50-4.90ore dis	−7.79	14.10-14.50d	−7.90
France	6.50-6.54¾	6.52-6.53	1.00-1.15c dis	−1.97	2.90-3.30dis	−1.90
Sweden	6.79-6.83½	6.81-6.81½	1.70-2.00ore dis	−3.25	5.50-5.90dis	−3.37
Japan	151.70-153.80	152.30-152.40	0.13-0.08y pm	0.83	0.42-0.37pm	1.04
Austria	13.95-14.05	13.95-13.98	1-½gro pm	0.64	2¼-¾pm	0.43
Switz.	1.6005-1.6190	1.6095-1.6105	0.26-0.21c pm	1.75	0.70-0.65pm	1.67

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Sep. 19	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.476	2.940	224.8	9.650	2.378	3.323	2033.	2.050	61.05
$	0.678	1.	1.992	152.4	6.525	1.611	2.251	1377.	1.389	41.36
DM	0.340	0.502	1.	76.46	3.276	0.809	1.130	691.3	0.697	20.77
YEN	4.449	6.567	13.08	1000.	42.85	10.58	14.76	9043.	9.121	271.6
F Fr.	1.038	1.533	3.053	233.4	10.	2.469	3.450	2111.	2.129	63.40
S Fr.	0.421	0.621	1.237	94.53	4.050	1.	1.396	854.9	0.862	25.68
H Fl.	0.301	0.444	0.885	67.64	2.898	0.716	1.	611.7	0.617	18.37
Lira	0.492	0.726	1.446	110.6	4.738	1.170	1.635	1000.	1.009	30.04
C $	0.488	0.720	1.434	109.6	4.698	1.160	1.621	991.8	1.	29.78
B Fr.	1.638	2.418	4.816	368.1	15.77	3.894	5.442	3329.	3.358	100.0

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Sept. 19	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	9½-10½	11¾-13¾	11⅛-12¼	11⅝-11⅞	10⅞-11¼	10⅝-11⅛
B.Fr.(Fin)	6⅞-7⅛	7⅛-7⅝	7⅛-7⅜	7⅛-7¾	7⅛-7⅜	7⅛-7⅜
B.Fr.(Con)	6¾-7¼	7¼-7¾	7¼-7¾	7¼-7¾	7-7½	7¼-7¾
Yen	[illegible]	[illegible]	[illegible]	5-5⅛	4⅞-4⅞	4⅞-4⅞
D. Krone	9⅞-9⅝	8⅞-9⅝	9⅜-9⅞	9⅜-9⅞	9⅞-10⅜	10-10½
Asian $ (Sng)	[illegible]	[illegible]	[illegible]	6-6⅛	6-6⅛	6⅛-6¼

Long-term Eurodollars: two years 6⅞-7⅞ per cent: three years 7¼-7⅜ per cent: four years 7⅝-7⅞ per cent: five years 7⅞-8⅛ per cent nominal. Short-term rates re call for US dollars and Japanese yen: others two days' notice.

MONEY MARKETS

UK rates continue to rise

INTEREST RATES were firmer in London yesterday, reflecting concern about *sterling's* weakness. The Bank of England took out most of the day's shortage through an early round of help which helped to keep short-term rates in single figures. After a brief dip during the morning three-month interbank money finished at 10 5/16-10 7/16 per cent up from 10¼-10⅜ per cent on Thursday. Weekend money opened at 9¼ per cent and eased to 6 per cent before finishing at 9 per cent.

The Bank forecast a shortage of around £550m with factors *affecting the market including* maturing assistance and a take-up of Treasury bills together draining £327m and a rise in the note circulation of £265m. In addition banks brought forward balances £110m below target. These were partly offset by Exchequer transactions which added £160m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £539m and comprised purchases of £61m of eligible bank bills in band 2 at 9 13/16 per cent and in band 3 £2m of *Treasury bills*, £19m of local authority bills and £457m of eligible bank bills all at 9¾ per cent. There was no further assistance in the morning. *The forecast was later* revised to a shortage of around £600m before taking into account the early help and the Bank gave additional assistance in the *afternoon of £86m through* outright purchases of £5m of eligible bank bills in band 3 at 9¾ per cent and in band 4 £68m of Treasury bills and £13m of *local authority bills all* at 9 11/16 per cent. Total help came to £625m.

The mood of the market was reflected in the weekly Treasury *bill tender* where the minimum accepted bid *of* £97.59 was allotted in full. The average rate of discount was the same as the top accepted rate at 9.6665 per cent up from an average rate of 9.6257 per cent last week. The £100m of bills on offer attracted *bids of around £406m and all* bills offered were allotted. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

In Frankfurt the Bundesbank adde liquidity to the money market to keep short-term rates steady amid growing upward pressure caused by tax payments. Call money eased back to show little change after funds were made available through state-owned institutions at 4.5 per cent.

More pressure is expected next wek as corporate tax payments accelerate although the authorities have already created an opportunity to control rates by *announcing a sale and repurchase* tender. Successful applicants will receive their allocations on Wednesday and these are expected to more than offset a maturing facility which will drain DM 6.8bn.

UK clearing bank base lending rate 10 per cent since May 22

FT LONDON INTERBANK FIXING

(11.00 a.m. September 19)

Three months US dollars		Six months US dollars	
bid 6	Offer 6⅛	bid 6	Offer 6⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Sept. 19	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Inv'v'ti'n
Frankfurt	4.55-4.65	4.45-4.55	4.45-4.55	4.45-4.55	4.50-4.60	5.5
Paris	7⅛	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	⅞-1⅛	4¼-4⅜	—	4 5/16-4 7/16	—	—
Amsterdam	5 3/16-5 5/16	5 5/16-5 7/16	—	5¼-5⅜	—	—
Tokyo	4.46875	4.90625	—	4.78125	—	—
Milan	10⅞-11¼	10⅝-11	—	10¾-11¼	—	—
Brussels	6.70	7 1/16-7 3/16	—	7 1/16-7 3/16	—	—
Dublin	9⅝-9⅝	9⅞-10⅛	10⅜-10⅝	10⅝-10⅞	11⅛-11⅜	—

LONDON MONEY RATES

September 19	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	6-9¼	8-9⅛	9⅝-10	10 5/16-10 7/16	10⅜-10⅝	10⅝-10⅞
Sterling CDs	—	—	9 11/16-9 15/16	10-10¼	10¼-10⅜	10½-10⅝
Local Authority Depos	9-9⅛	9¼	9¾-9⅞	10¼-10⅜	10½	10 9/16
Local Authority Bonds	—	—	10¼	10⅝	10⅝	10¾
Discount Mkt. Depos	7-9	8½-9	9⅝	9⅝	—	—
Company Depos	8¾	9⅞	9⅞	10¼-10⅜	10¼-10 7/16	10½-11
Finance House Depos	—	—	9⅞	10½	10¼	10½
Treasury Bills (Buy)	—	—	9¾	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	9 13/16	—
Fine Trade Bills (Buy)	—	—	10⅜	10½	10⅝	—
Dollar CDs	—	—	6.05-6.10	5.95-6.00	5.95-6.00	6.20-6.35
SDR Linked Depos	—	—	6⅛-6⅜	6 5/16-6 7/16	6 5/16-6 7/16	6 5/16-6⅝
ECU Depos	—	—	7 1/16-7 3/16	7¼-7⅜	7¼-7⅜	7¼-7⅜

Treasury Bills (sell): one month 9½ per cent: three months 9⅝ per cent. Bank Bills (sell): one month 9¾ per cent: three months 9¾-9 13/16 per cent. Treasury Bills: Average tender rate at discount 9.6665 per cent. ECGD Fixed Finance Scheme IV reference date August 6 to September 2 (inclusive): 9.330 per cent. Local Authority and Finance Houses seven days' notice, other seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1985. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 10 per cent nine-12 months 10 per cent. Under £100,000 9¼ per cent from August 21. Deposits held under Series 5 9¼ per cent. Deposits withdrawn for cash 5½ per cent.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Witching hour passes calmly

THE FEARED Triple Witching Hour, when stock index futures, stock index options and individual stock options simultaneously expire, turned out to be a non-event for Wall Street as stocks closed lower, with some traders calling it a victory for the SEC's plan to reduce volatility.

"It has become clear that a lot of people unwound their positions in the course of the last two weeks," Hugh Johnson, of First Albany, said.

"This is an applause for the fact that the SEC (Securities and Exchange Commission) is looking into this issue that has been distorting conditions in the market," Mr Johnson added, referring to the so-called Triple *Witching Hour*.

The expiration, which occurs four times a year, on the third Friday of the final month of the quarter, had been known to cause wild fluctuations in the market.

The Dow Jones Industrial Average declined 11.53 to 1,762.65 but leaving a slight rally on the week of 3.93 after the previous week's 141-point drop. The NYSE All Common index lost 16 cents at $133.49 and declines *just edged out gains by 783 to* 764, but volume expanded to 153.8m shares.

Airlines posted impressive gains, however. AMR jumped 2¼ to $56⅞, UAL 1½ to $57⅞, Delta 1¾ to $43⅞, NWA $2 to $50⅜ and TWA ⅜ *to $21⅞. Analysts said* airlines received a boost from consolidation in the industry, which is likely to reduce fare wars.

USX was the most actively traded NYSE issue, rising 1¾ to $24⅞. *Australian investor Robert* Holmes à Court said last month that he wanted to buy up 15 per cent of USX shares. Traders said the statement attracted the attention of arbitrageurs, who began to buy the stock.

BankAmerica recouped some losses suffered in the past week at the hands of what it called false and malicious rumours about the financial health of the bank. The stock rallied 1½ to $11½.

Shares of mining companies rose as gold prices continued to spiral higher and inflation fears heated up. ASA jumped 1⅞ to $41⅞, Newmont Mining 2¼ to $62¼, Homestake Mining 1¼ to $29¼ and Campbell Red Lake 1⅛ to $22. But some analysts said that the rise in gold prices reflects the flight from the declining dollar more than nervousness about inflation.

Oils also showed some strength as crude prices rose modestly.

CANADA

The Gold shares sector responded strongly to a sharply rising bullion price, giving encouragement for a general recovery on Canadian markets.

The Toronto Composite index, *which dropped 105 points the* previous week, recouped 23.6 yesterday to close at 3,008.4, although leaving a net gain for this week of only 6.1.

The market largely ignored Thursday night's economic statement *by Finance Minister* Michael Wilson, containing a C$2.5bn increase in the federal deficit estimate to C$32bn.

Advances outscored falls by 450 to 305 after a volume of 20.8m shares. The Gold shares *index jumped 223.1 to 5,293.4* and Oil and Gas rose 34.9 to 2,724.6.

TOKYO

The market staged a further good rally during morning trading yesterday on speculation *of higher share prices next* week, when nine new trusts, set up by investment trust management concerns, are expected to begin investing around Y160bn in stocks.

However, gains were trimmed later as investors took profits ahead of the weekend and waited to see Wall Street's next direction.

The Nikkei 225-share Average, 128 points ahead at one stage, ended 45.10 up on the day at 17,523.45, after Thursday's 141.73 rise. The Tokyo SE First market all-share index added a net 1.47 at 1,447.24, while rises finally led declines by a narrow 421 to 392 after a reduced volume of 480m.

Another factor was concern over the strong yen. A broker said that the market perception of the yen had changed from one of stability to possible strengthening.

But another said that the Bank of Japan's reserve-building lends support to rumours of its intervention to prevent further yen gains.

"Confidence is still poor for a rapid increase," one broker said. But many expect volume to pick up next week as major *securities houses begin to target* blue chips and domestic demand-related issues. The market will be closed this weekend and for a public holiday next Tuesday.

Financials, Real Estates, Securities House, Pharmaceuticals, Oils and Life-insurers were higher sectors, but Electricals, Fisheries, Precision Instruments *and Steels lost ground.*

GERMANY

After a lower start and lacklustre early business most leading shares recovered some of the losses seen in the course of the week. Banks, Motors, Chemicals and Electricals ended mostly above Thursday's close.

Business was more active than recently. *Institutional investors* came into the market to hunt for bargains and others squared positions ahead of the weekend.

Dealers said that it was once again difficult to judge whether the gains were merely a technical reaction to this week's losses, or whether investors were re-focusing on strong domestic *economic* fundamentals. But uncertainty over the US dollar's medium-term direction was thought likely to undermine a strong rally for the time being.

The start of the subscription period for the record DM 2.1bn Volkswagen *rights issue had no* negative impact on the market as a whole. VW shares ex-the rights closed DM 16 down at DM 480.50, while the rights were traded around DM 21.

PARIS

Recent pessimism about interest rates, Wall Street and high French unemployment were shrugged aside and the market rallied strongly. The CAC General index rose 7.5 to 380.2 and gains led falls by 152 to 87.

There were buying orders from British and Japanese investors, as well as French mutual funds. Construction issues stood out as they rebounded from recent interest rate fears.

AUSTRALIA

Selective buying for Gold and Industrials sparked off a general recovery yesterday after Thursday's weak performance.

The All Ordinaries index, down 15 points the previous day, recouped 11.3 at 1,210.5, while the Gold shares index put on 27.7 to 1,361.7, All Industrials 12.3 to 1,899.3, Metals and Minerals 6.7 to *608.9* and Oil and Gas 8.5 to 475.2.

Herald and Weekly Times dominated *trading* after another large parcel of 4.1m shares was moved at A$6.50 per share. The parcel brings the total two-day turnover of HWT scrip to more than 8.6m shares, or 8 per cent of its issued capital. It closed 20 cents up at A$6.20.

BHP was also briskly traded and gained 20 cents at A$7.86 *on turnover of* more than 1.4m shares. After the close, BHP announced a first-quarter net pre-minorities profit of A$182.4m, down from A$304.2m in the same period last year.

JOHANNESBURG

Gold shares rose sharply amid increased demand as the bullion price climbed to over US$430 *an ounce.*

This pushed the All Gold index to well over 2,000 after a previous record high close of 1,965.

Vaal Reefs ended R14 higher at R390, Ofsil R8 up at R158 and Beatrix R1.30 firmer at R15.50.

SINGAPORE

Prices eased in Singapore as the holiday in Hong Kong and continued local investor caution kept trading thin.

One broker also pointed out that foreign investors have focused on the turmoil in the Tokyo and New York markets for much of this week, leaving *little time for the comparatively* small Singapore market.

NEW YORK INDICES

	Sept. 12	Sept. 5	Aug. 29	Aug. 22	Aug. 15	Year ago (approx)
DIVIDEND YIELDS						

	Sept. 10	Sep. 3	Aug. 27	Aug. 20	
S and P Industrial	2.99	2.94	2.90	2.96	3.79
S and P Ind P/E ratio	17.70	18.38	18.62	18.34	12.41

TRADING ACTIVITY

Volume † (Millions)	Sept. 19	Sept. 18	Sept. 17
New York	153.86	132.24	141.04
Amex	9.36	10.47	12.06
O.T.C.	103.98	99.96	105.16

New York	Sept. 19	Sept. 18	Sept. 17
Issues Traded	1,955	1,966	1,974
Rises	764	705	988
Falls	783	814	610
Unchanged	408	447	376
New Highs	6	12	13
New Lows	17	24	30

CANADA

TORONTO	Sept. 19	Sep. 18	Sept. 17	Sept. 16	Sept. 15	1986 High	1986 Low
Metals & Minerals	2316.1	2157.6	2161.3	2161.6	2162.7	2442.86 (21/5)	1817.4 (6)
Composite	3008.4	2984.8	2981.3	2996.9	3018.9	3129.11 (18/4)	2754.8 (17/2)
MONTREAL Portfolio	1514.12	1504.73	1507.01	1510.14	1522.08	1623.56 (16/4)	1326.60 (22/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
USX	7,512,700	24⅞	+1¾	AT & T	2,234,900	23⅞	−⅛
Viacom	5,374,000	40¼	−1⅛	Oak Industs	1,944,500	1	—
Mesa Ltd A	2,748,300	14⅞	+⅛	Mobil	1,676,700	36⅞	+⅛
BankAmerica	2,422,300	11⅝	+1½	IBM	1,665,300	136⅞	−1½
US Fidelity	2,340,900	39	+⅛	Dresser Inds	1,377,700	18⅞	+⅛

SPAIN Madrid SE (30/12/85)	192.89	192.95	192.89	192.07	204.26 (4/9)	100.85 (8/1)	
SWEDEN Jacobson & P (31/12/56)	2470.80	2476.10	2482.56	2512.60	2620.62 (12/8)	1723.57 (28/1)	
SWITZERLAND SwissBankCpn (31/12/58)	540.5	536.5	551.6	558.9	625.5 (8/1)	437.2 (4/6)	
WORLD M S. Capital Intl (1/1/70)	—	358.8	556.5	356.1	360.8 (1/9)	248.5 (23/1)	

** Saturday September 13: Japan Nikkei (c). TSE (c).

Base value of all Indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

HONG KONG

DENMARK

ITALY

SWEDEN

SWITZERLAND

FRANCE

NETHERLANDS

JAPAN

SINGAPORE

AUSTRALIA

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

New lease of life for the gold market

THE GOLD market obtained a new lease of life yesterday, once again seeking to assert its independence from the platinum price which dragged it out of the doldrums in the first place several weeks ago.

For most of the week, gold was locked in a range below $420 an ounce, while platinum prices dawdled between $565 and $576 an ounce at the afternoon fixing. *Yesterday, however,* gold jumped to $430, its highest close in nearly three and a half years, up $10.25 on day and $14.75 on the week. Platinum also rose, but still seems unable to retain the peaks above $650 which it scaled in early September.

The spark for the latest surge in gold was provided by weakness in the dollar and in international stock and bond markets. These factors have conspired with a constructive technical outlook—and with continuing underlying concern about the situation in South Africa, source of more than half the world's gold and over 80 per cent of its platinum—to draw investors back into the gold market.

Dealers said the market was able yesterday to absorb a considerable amount of selling by Middle Eastern investors. Some analysts are making increasingly *bullish forecasts about the* outlook for gold in the remainder of 1986, seizing on talk of a renewed surge in inflation —against which gold is traditionally *seen as a hedge. There* are also those who predict a shortfall in supplies of the metal ■

This week, the technical outlook for gold has been boosted by the continuing improvement in the *silver market, which* until recently was seen as so depressed that its former status as a precious metal was being called into question. Silver futures have been surprisingly strong on New York's Commodity Exchange (Comex), trading above $6 an ounce in *deferred positions for several* weeks. The silver bullion price closed in London yesterday at 398.35p an ounce, up 5.85p on the week.

Comex has also experienced renewed confidence in its key copper futures contract, which has been reinforcing its posi*tion above 60 cents per pound* this week after a dreadful summer in the wake of swingeing labour cost reductions by the US mining companies. The improvement has fed through to the London Metal Exchange, where cash grade A metal closed yesterday at £932.25 per tonne, up £16.25 on the week.

Among soft commodity markets, coffee futures were once again the star performer as traders continued to speculate about a likely supply shortage later in the year. The November contract closed yesterday at £2,482.50 per tonne, up £8.850 on the week.

The latest bullish news was provided once again by Brazil, which confirmed that it will have to import large quantities of coffee to supply its domestic *market following the recent* drought which has slashed the 1986 crop by two thirds. Demand in Brazil's huge internal market is strong as a result of the Government's anti-inflation *measures.*

In the oil market, traders on the New York Mercantile Exchange would have been lucky to make much money this week. Every time the market seemed to be moving one way, it abruptly turned and mover the other way instead.

By Wednesday the market had talked itself into a bearish frame of mind, and prices sunk as low as $13.80 for a barrel of West Texas Intermediate, about $2 down on the week. By Friday afternoon however, prices had bounced back towards $15.

"This is one of the most difficult markets to trade I've seen in ages" said Mr Peter Beutul from Elders Futures.

The market seems caught between two conflicting concerns, the first the glut of product on the market, and the second the prospect of an acceleration of hostilities in the Gulf.

This week's stock figures from the American Petroleum Institute showed that despite a small weekly fall, refineries *are still pumping out product* at the rate of 1.4m barrels a day, 12 per cent more than this time last year.

US MARKETS

GOLD AND PLATINUM ended hectic trading sessions on an extremely strong note following active buying interest in London, reports Heinold. The gold December position stormed through hitherto unbreachable resistance levels between $426 and $430 to close near the highs of $441.5 per ounce, thus establishing new contract highs. The recently volatile platinum market moved up its $25 daily trading limit in sympathy with gold's strength. A continued lack of trust in the stock market, witnessed by negligible movements on the Standard and Poor's 500 stock index, was widely thought to be a major factor in this conclusive move into gold. Cocoa futures rallied after lacklustre, nervous sessions throughout the week as fears of crop damage because of dryness in the Ivory Coast and Ghana continued to provide support.

NEW YORK

CHICAGO

WEEKLY PRICE CHANGES

INDICES

REUTERS

DOW JONES

MEAT

RUBBER

COCOA

ALUMINIUM

ZINC

COPPER

GOLD

COFFEE

LEAD

SOYABEAN MEAL

POTATOES

SILVER

NICKEL

OIL

GRAINS

TIN

GAS OIL FUTURES

SUGAR

FREIGHT FUTURES

LONDON STOCK EXCHANGE

Interest rate uncertainty unsettles stock market

Account Dealing Dates

*First Declara- Dealings	tions	Last Dealings	Account Day
Sept 1	Sept 11	Sept 12	Sept 22
Sept 15	Sept 25	Sept 26	Oct 6
Sept 29	Oct 9	Oct 10	Oct 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Interest rate uncertainties ensured further volatility and nervous trading in London financial markets yesterday. The Bank of England moved swiftly to quell fears of dearer money but City operators were not convinced by the authorities' determined show to resist the revived pressures for higher bank base rates.

Sterling continued to cause anxiety and period rates for credit in money markets moved *higher still, although the authorities* had bought bills earlier at unchanged dealing rates. The key three-month interbank level closed at 10½ per cent, compared with current base rates of 10 per cent and the exchange rate index managed only a flimsy rally to 69.6.

These indecisions affected the trend in both Gilt-edged stocks and leading equities. Gilts responded to the early events with the longs recovering a point on a combination of professional bear-covering and small investment demand. Completion of the business, however, and the late rise in short-term interest rates soon wiped out the gains.

A few courageous buyers returned later but dealers were glad to see the end of a week which has brought the worst fall in prices for some considerable time. *Specialist switching operations* resulted in many low-coupon shorts suffering sharp losses as funds were moved longer. Treasury 8½ per cent 2008/12 was an outstanding beneficiary and rose a point to 61.

The spectre of increased borrowing costs returned to upset equities. *Leading stocks were marked lower across the board*

UK clearing bank base lending rate 10 per cent since May 22

and the FT-SE 100 share index registered *a fall of 18.5. Most* blue chips pulled away from the lowest following the early Gilt-edged rally only to slip away again later. Business was thin and there was no sign of any panic selling, although funds remained tight.

An early reaction on Wall Street, yesterday caused potential buyers to retreat further after-hours and the FT-SE closed a net 13.8 down on the session at 1600.4. The FT Ordinary share index fell 10.5 for a loss on the *week of only 1.8 to 1269.1.*

Prudential lower

Comment on the group's £405m purchase of Jackson National Life Insurance of the US unsettled **Prudential** which touched 815p before closing 24 down on balance at 818p. Other Life issues gave ground in sympathy. **Legal and General** relinquished 8 further at 240p and **Britannic** lost 10 at 823p. Composites remained friendless. **Royals** dropped 12 afresh to 827p and **Sun Alliance** gave up 11 more at 689, while **GRE** declined 20 at 790p and **General Accident** lost 10 at 827p. **Commercial Union** eased 5 at 277p.

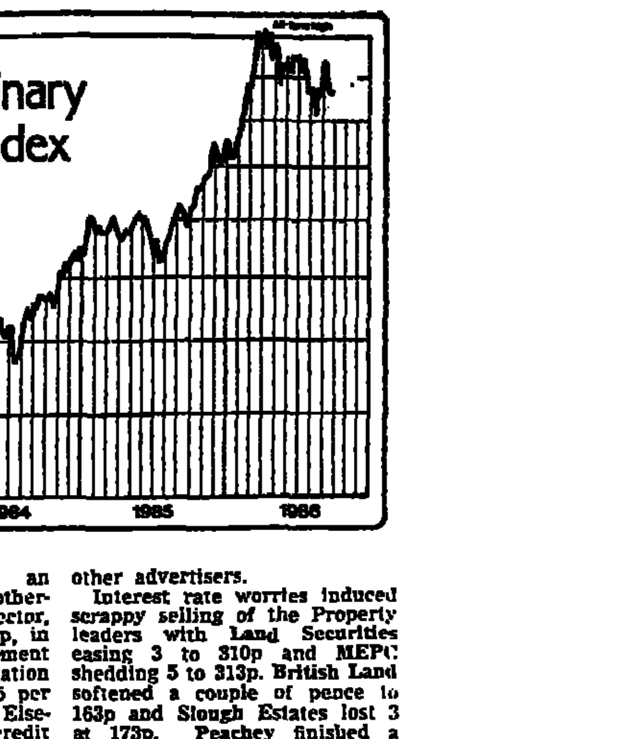
NatWest, a firm market since announcing its application for a listing on the New York Stock Exchange and plans for the issue of 24.2m new shares to raise £121m from US investors, succumbed to light profit-taking and cheapened 5 at 535p. **Barclays** gave up 7 at 485p as did **Lloyds** at 435p, while **Midland** declined 5 at 567p.

Builders merchants **Sandell Perkins** staged an impressive market debut— the shares, some 16 times oversubscribed and expected to command a premium of between 10 and 15p in initial dealings, opened at 150p and moved ahead to 160p before closing at 157p, a first-day premium of 22.

Belhaven continued strongly in Breweries, rising 10 more to 87p for a gain of 18 on the week as a sizeable stake in the company changed hands; it was announced after-hours' that Mr Raymond Miquel through Henry Ansbacher had acquired a 17.52 per cent stake in Belhaven from Mr Tony Cole of Bestwood for 85p per share and had been appointed chairman and chief executive of the company. Elsewhere, **Allied Lyons** still reflected disappointment that Elders IXL chose to acquire the Courage and John Smith breweries from Hanson Trust for £1.4bn and lost 8 more for a two-day relapse of 25 at 308p.

Business in the Building sector remained in low key and prices tended to ease. **RMC** were a particularly dull market and closed 22 down at 618p reflecting nervous selling ahead of next Thursday's results. **Tarmac**, interim figures due on Monday, lost 10 at 462p, while **Redland** gave up 8 at 481p. **BPB** were also dull and shed 8 to 482p, but **Blue Circle** held up well following reports of a broker's lunch and closed a shade firmer at 558p. **Barratt Developments** hardened a couple of pence to 146p; the annual results are due next Wednesday. *Taylor Woodrow* drifted off to close 8 cheaper at 297p and **Costain** slipped 6 to 512p. Elsewhere, **Stanley Miller** firmed 2½ to 37½p on the announcement that Selective Investment had increased its holding to 7.66 per cent.

ICI, aided by traded option business, finished the session ½ higher at £11.



Lee Cooper provided an isolated firm feature in an otherwise quietly dull *Stores* sector, rising 7 to 229p, after 228p, in response to the announcement that Compagnie de Navigation Mixte SA had acquired a 5 per cent stake in the company. Elsewhere, the threat of dearer credit deterred investors and quotations drifted lower for want of support. Woolworth remained additionally depressed by fears that Dixons may about to sell its stake in the company for 500p per share and cheapened 5 afresh to 645p; Dixons closed 10 down at 362p. Marks and Spencer relinquished 3 at 200p and Superdrug lost 5 at 460p; the latter's interim results are scheduled for next Thursday. **Freemans**, awaiting Monday's half-year statement, declined 4 at 462p and **Ratners** cheapened 5 at 222p. Church lost 10, but still retained a rise of 70 on the week at 420p following Wednesday's revelation that Ward White had acquired a 2.5 per cent stake in the company.

Electricals were featured by **Telemetrix** which dipped to 25p on the annual deficit and passing of the final dividend before rallying a little to close 14 down on the day at 42p. In contrast, United Scientific met with further speculative demand amid continuing talk of a possible bid from Pilkington Bros and closed 8 higher at 168p, after 170p. Pilkington gave up 12 at 435p. Stone International, a rising market earlier in the week on contract news, eased 5 to 175p, while profit-taking clipped 13 from Rokert at 115p.

Engineers rarely strayed from previous closing levels. Among the occasional movements, GKN, helped by the fall in sterling against the D-Mark on Thursday, drifted back to close 5 lower at 2..p.

Food Retailers lost further ground on dearer money fears. **Dee Corporation** were particularly vulnerable and fell 12 to 250p amid rumours of a broker's profits downgrading. **J. Sainsbury** shed 4 to 410p and **Tesco** slipped 2 to 408p. **Argyll** came back 5 to 335p and **Kwik Save** lost 4 to 264p, but **William Morrison** continued to trade firmly in the wake of the results and edged up a couple of pence more to 228p. Elsewhere, **Bernard Matthews** encountered scrappy selling and shed 7 to *248p, while* **Home Farm** gave up 5 to 100p following profit-taking. Dealings in **J. E. England** were suspended at 50p pending an announcement.

Prince of Wales highlighted the Hotels sector, rising 10 to 90p on details of the agreed share-exchange offer with cash *alternative of 85p per share* worth some £12.75m from **Goldsmiths Group**, 4 easier at 220p. Press comment stimulated early support for **Friendly Hotels** which touched 150p before profit-taking left the close unchanged on balance at 142p. **Norscot** shed 7 to 156p pending bid developments.

Wellcome good again

Wellcome, the subject of persistent demand recently on development hopes for its anti-Aids vaccine, encountered further buying interest and put on 6 more to 208p for a rise of 27 on the week: a progress report was issued yesterday. Elsewhere in the *miscellaneous industrial* sector, **Smith and Nephew** fell 7 to 116p in the vendor placing of 110.6m shares at 115p per share to partly finance the pro*posed acquisition of Richards* Medical of the US. **Bridon**, still reflecting poor interim results announced earlier in the week, fell 4 more to 137p, while **J. Hewitt** at 115p, gave up 15 of the gain of 42 which followed the bumper half-year figures. **Westwood Dawes**, bought persistently over the past few days on bid speculation, reacted 5 to 69p, while **Gestetner**, also a speculative market of late, ran back 5 to 108p. **Fisons** drifted off to close 12 cheaper at 563p and falls of around 7 were recorded in **Associated British Ports**, 283p, and **British Aerospace**, 441p. **Wedgwood**, a firm market since **Pentland Industries** *expressed an interest in the* company, reacted 5 to 355p. Among the leaders, **Glaxo** touched 965p before recovering to close 12 better on the day at *992p, while* **Boots** were briskly traded before settling a penny cheaper on the day at 221p.

Renewed selling ahead of *Thursday's interim figures left* **United Newspapers** a further 6 down at 350p. Elsewhere, **Saatchi and Saatchi** came on offer and *touched a new low for the year* of 635p before closing 20 down on balance at 645p; the shares have been friendless since the *company revealed just over a* week ago that it had lost over £34m of annual business from Procter and Gamble, its largest single client, *because of potential conflict with accounts of* other advertisers.

Interest rate worries induced scrappy selling of the Property leaders with **Land Securities** easing 3 to 310p and **MEPC** shedding 5 to 513p. **British Land** softened a couple of pence to 163p and **Slough Estates** lost 3 at 173p. **Peachey** finished a penny off at 266p and **Great Portland Estates** lost 3 at 165p. Elsewhere, **Imry** attracted increased interest pending the outcome of bid talks with an unnamed party and advanced to 425p before easing back to close 10 higher on balance at 390p. On the other hand, **Marler Estates**, a rising market recently on Glen International bid hopes, fell 15 to 335p in the absence of any developments. **London and Edinburgh Trust** lost 10 at 625p following the bid for **Kellock Trust**.

Burmatex, a firm market of late awaiting bid developments retreated 7 after-hours to 233p on news of the agreed share offer from **Sirdar**, 5 down at 142p. Elsewhere in Textiles, **Courtaulds** cheapened a few pence to 281p, but **John Crowther** firmed 4 at 178p.

Oils firmer

Firmer crude oil post prices and reports that Opec members have adhered to recently agreed output quotas gave a late minor boost to the leading oils which managed to recoup modest early falls. **Enterprise Oil** performed well and rose 4 to 130p following the maintained interim dividend and better-than-expected half-year profits. **IC Gas** continued to trade firmly edging up a few pence to 487p on bid hopes, while **Charterhall** shrugged off the annual deficit and hardened 3 to 27. **Clyde Petroleum** reporting interim results on Tuesday, rose 5 to 41p. Irish oils made progress amid rumours that the Irish Government is about to announce more favourable tax incentives to encourage offshore drilling activity.

Mining markets staged another substantial and widespread advance following the latest strong performance by the bullion price. The latter moved up to $433 at one point, boosted by fears of rising inflation, currency uncertainties and concern *over South Africa. before easing* a shade to end the day a net $10.25 up at $430 an ounce—it best closing level since May 31 1983.

All the major mining sectors attracted strong buying interest. South African issues opened sharply higher and continued to gain ground throughout the session as initial support from Johannesburg, again encouraged by numerous recommendations emanating from the Centenary Gold Conference, was accompanied by sizeable demand from many London and Continental institutions. Later in the day US operators were said to be keen buyers of Golds, Financials and Platinums. The Gold Mines index jumped 14.0 to 331.2, leaving the measure 16.4 higher over the week.

The majority of the institutional buying was directed towards the top-quality Golds where **Randfontein** advanced £4¾ to £68 and **Vaal Reefs** £3¼ to £59¼. Other outstanding features included **Southvaal**, £28, **Winkelhaak**, £15½ and **Western Deep**, £29, all of which showed gains of a point and more. Of the cheaper priced issues, **Western Areas** attracted heavy speculative *interest and raced ahead to close* 45 firmer at 300p. **Hartebeest** put on 22 to a 1986 high of 374p and **Loraine**, a current Johannesburg favourite, jumped 35 to 440p.

Anglo American Corporation rose ½ to £11, **"Amgold"** £3¼ to £57¼ and **OFSIL** £1¼ to £23¾. **"Amcoal"** attracted light profit-taking and dipped 13 to 587p but retained a week's gain of 62 following the EEC decision not to implement a ban on imports of South African coal.

UK-registered Financials showed **Consolidated Gold Fields** 14 up at 549p, after a year's high of 554p, despite the marginal decline in full-year profits announced earlier in the week, while **Rio Tinto-Zinc** edged up 8 to 622p on the better outlook for the second-half.

Australian mines—particularly Golds—surged ahead all day with *heavy buying in evidence during* after-hours business. **Sons of Gwalia**, which recently announced sharply increased preliminary profits and a more-than doubled *final dividend*, soared 57 to 350p. **Poseidon** jumped 16 to 161p, while gains of 38 were common to **GMK**, 618p, and **Central Norseman**, 618p. Of the leading diversified mining companies double-figure rises were common to **CRA**, 290p, and **Renison**, 312p.

Demand for Traded Options increased with total contracts completed amounting to 23,712, comprising 13,823 calls and 9,889 puts. **British Telecom** were active with 3,398 puts arranged and 718 calls, while 1,377 calls were done in **Hanson Trust**.

STOCK EXCHANGE DEALINGS

Details of business shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.
‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION AND COUNTY

Corp London 3½pcDb 83-93 £69½
GLC 6¼pc90-92 £85½
Birmingham Corp 3pc 1947 £25¼ (17/9). 3½pc 1946 £31 (16/9)
Birmingham DC 11½pc 2012 £108 (12/9)
Croydon Corp 3½pc £31 (16/9)
Islington Corp 12¼pc 86-87 £100¼ (15/9)
Manchester (City of) 11.5pc 2007 £105¼ (17/9)
Manchester Corp 3pc 1928 £26 (17/9)
Nottingham Corp 3pc £25½
Salford Corp 5½pc 86-88 £92½ (17/9)
Southwark Corp 6¼pc 83-86 £99¾⊕. 12½pc 1987 £101½

UK PUBLIC BOARDS

[illegible]

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Acorn Securities 51⊕ 48
Ahold NV £27½
Allstate Explorations 12 13
Amber Gold 11⊕
American Home Products £57½⊕ (12/9)
Ampol 94⊕ (12/9)
Amsterdam-Rotterdam Bk Fl97⊕ (17/9)
Ashton Mining 76 9
Assoc Manganese Mines SA £30⊕ (17/9)
Aust Development 30⊕ (15/9)
Aust Foundation Inv 83 (12/9)
Avon Products £22¼⊕
Batu Kawan 70⊕ (16/9)
Bayerische Moroten Werke DM588
Black Hill Mins 13 14 15 (16/9)
Boral 175 (16/9)
CSF (Thomson-CSF) Fr1,580⊕ (15/9)
Carrefour £335⊕ (17/9)
Central Norseman Gold 570⊕ (17/9)
Coles Myer Ltd 198⊕
Comalco 96⊕ (17/9)
Conex Aust 1½
Cons Resources 3½
Daimler-Benz (DM50) DM230⊕ DM1265⊕
Darty FF20 £384½⊕ (16/9)
Dayton-Hudson Corp $47¼⊕ (12/9)
Dresdner Bank 432⊕ (16/9)
Echlin Inc US$17⊕ (15/9)
Eurounion £53 (16/9)
Golconda Mins 35⊕ 6⊕ 5 6 7 8
Greenbushes Tin 24⊕ (15/9)
Greenvale Mining ($A0.20) 5⊕ (17/9)
Haoma North West 3
Hardie (James) Inds 136⊕ (15/9)
Hartogen Energy 89 90‡ (12/9)
Heineken NV FL169⊕ (15/9)
Hemerdon Mng Smelting 30 (16/9)
Hill 50 Gold Mines 19¼
Hong Kong Kowloon Wharf Godown SH9⊕ (12/9)
Hong Kong Electric Hldgs 83 SH9.65
Humana Inc £15¾ (15/9)
Hunter Resources 48⊕
Hussel AG DM565
Jimberlana Mins ($A0.50) 12½‡ (12/9)
Johnson Johnson £42¼
...
Oilmet Petroleum 35 ...
Pancontinental Petroleum 5½⊕ (17/9)
Paragon Resources 17½⊕ (17/9)
Peugeot SA £115⊕ (16/9)
Planet Resources Group 6
Plenty River Mining Co 18⊕ 19 (17/9)
Poseidon 140
Pretoria Portland Cement 150⊕ (12/9)
Prime Computer £18 (12/9)
Quest Investments 16 (17/9)
Regal Hotels (Hldgs) 11⊕ (17/9)
Regent Mining 40 3 4

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Expln (Ir£0.25) 7 (12/9)
Nth West Oil Gas (20p) 10 1
(By permission of The Stock Exchange Council)

FINANCIAL TIMES STOCK INDICES

	Sept 19	Sept 18	Sept 17	Sept 16	Sept 15	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	84.28	84.12	85.45	85.88	86.74	83.39	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.11	91.88	†92.12	92.76	93.05	88.65	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,269.1	1,279.6	1,275.2	1,262.2	1,289.6	1,002.2	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	331.2	317.2	316.6	317.9	312.2	310.6	357.0 (27/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.35	4.33	4.35	4.40	4.31	4.75				
Earnings Yld.%(full)	10.02	9.97	10.02	10.14	9.40	11.65				
P/E Ratio (net) (*)	12.24	12.30	12.24	12.09	12.34	10.63				
Total Bargains (Est)	17,149	18,734	20,348	21,590	23,927	21,040				
Equity Turnover £m.	—	560.96	535.07	534.79	600.60	364.93				
Equity Bargains	—	16,746	17,169	19,263	22,861	19,471				
Shares Traded (ml).	—	228.3	228.6	222.4	253.3	167.3				

S.E. ACTIVITY

Indices	Sept. 18	Sept. 17
Gilt Edged Bargains	125.7	119.5
Equity Bargains	108.5	111.2
Equity Value	2133.8	1081.5
5-Day Average		
Gilt Edged Bargains	118.8	114.0
Equity Bargains	138.1	145.9
Equity Value	1257.6	1291.1

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1267.9	1267.6	1270.0	1269.5	1267.9	1267.2	1268.0	1268.8

Day's High 1270.6. Day's Low 1265.6. † Correction

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.75.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Closing price Thurs. close	Day's change	Stock	No. of changes	Closing price Thurs. close	Day's change
ICI	29	£10⅞	+ ¼	Hewitt (J.)	13	130	—
Glaxo	25	980	+10	Shell Trans	13	893	+ 8
RTZ	25	614	+27	Smurfit (Jeff)	13	245	—
BAT Inds	16	433	+ 8	Allied-Lyons	12	316	−17
Blue Circle	13	555	+ 8	Eve Construct.	12	110	—
BP	13	658	+ 6	NatWest Bank	12	540	+ 6

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Glaxo	198	980	− 5	Amstrad	111	134	− 2
ICI	172	£10⅞	+ ⅜	Beecham	110	401	−12
BAT Inds	161	433xd	+ ½	Wellcome	110	197	+18
Shell Trans	123	893xd	− 1½	Grand Met	107	408	+12
BP	115	658	+ 3	Jaguar	107	522	− 3
NatWest Bank	114	540	− 7	Cable and Wire	101	304	−14

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Boots	221	− 1	ICI	£11	+ ⅛
Commercial Union	277	− 5	Marks and Spencer	200	− 3
De Beers Defd	538	+18	Royal Insurance	827	−12
Glaxo	992	+12	Saatchi and Saatchi	645	−11
GRE	992	+12	United Scientific	168	+ 8
GRE	790	−20	Wellcome	203	+ 6

TRADITIONAL OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 18	Sept 5	Nov 20	Dec 1
Sept 8	Sept 19	Dec 4	Dec 15
Sept 22	Oct 3	Dec 18	Dec 29

For rate indications see end of Unit Trust Service

Call options were taken out in East Rand Consolidated, Wellcome, Parkdale, North Kalgurli, First Charlotte Finance, Richardsons Westgarth, British Telecom, J. E. England, LASMO and Boddingtons. No puts were reported, but double options were transacted in Enterprise Oil, British Benzol and Abaco.

RISES AND FALLS ON THE WEEK

[illegible]

LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday, September 18, 1986

[illegible]

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (34)

... STORES (1) Lee Cooper. ELECTRICALS (1) NEC Corporation. INDUSTRIALS (3) BTR Nylex, Green (E.) Partners, Highgate and Job. PROPERTY (2) Imry Property, Trust of Property. SHIPPING (1) Tiphook. TRUSTS (1) Rorento NV. MINES (21)

NEW LOWS (27)

BRITISH FUNDS (2) Treas 3pc 1991, Treas 2½pc IL 2016. AMERICANS (3) ... Intl, Telemetrox. ENGINEERING (2) Howden, Laird. FOODS (1) Utd Biscuits Warrants. INDUSTRIALS (4) European Ferries, Mitchell Cotts, Ramco Oil, Wyko. PAPER (2) JWT Inc, Saatchi & Saatchi. SHIPPING (2) British & Commonwealth, Fisher (J.). TRUSTS (3) Baillie Gifford Tech, GT Management, London Merchant 7¾pc Cv 2000-05. OILS (2) ELF UK 12¼pc Ln, Pennine Resources.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
160	F.P.	5/9	185	165	Acatos & Hutcheson 50p	178	......	bd 5.25	2.9	4.2	11.9
‖	F.P.	—	53	41	Bertrams Inv. Tst	42	......	—	—	—	—
§43	F.P.	—	59	50	§Broad St. Grp. 10p	54	–2	b1.1	2.2	2.9	22.3
100	F.P.	4/9	85	84	Child Med C.(TE)‡‡	85	......	—	—	—	—
§110	F.P.	12/9	130	111	♯Colloe Int 5p	129	......	R2.7	3.4	3.0	14.1
§130	F.P.	17/10	195	152	♯Creighton Labs 20p	193	......	u3.7	2.2	2.7	23.4
160	F.P.	—	146	136	Euro Home Products 5p	137	......	R4.25	2.5	4.4	10.5
§105	F.P.	—	112	105	♯Eve Construction	108	–2	a4.5	3.2	5.9	7.6
134	F.P.	—	161	134	♯F & H Group 10p	147	......	L4.76	2.5	4.6	12.1
150	F.P.	25/7	172	150	Guthrie Corp	164	......	u5.3	2.2	4.6	10.3
150	F.P.	15/8	165	155	Harrison Inds. 10p	159	......	g5.0	2.7	4.5	11.8
105.25	F.P.	—	108	104	India Fund £1	108	......	—	—	—	—
—	F.P.	29/8	£39	£36	JF Pacific Warrant S.A.	£36	–1	—	—	—	—
110	F.P.	5/9	98	88	♯Marina Dev. 50p	88	......	R3.19	3.0	5.0	8.5
§75	F.P.	24/10	79	75	♯Newage Trans 5p	75	......	R3.5	2.5	6.6	8.5
§25	F.P.	22/10	25½	25½	Nth of Scotland Inv 10p	25½	......	—	—	—	—
§33	F.P.	29/8	34	27	♯Omnitech 1p	28	......	—	—	—	—
135	F.P.	—	160	151	Sandell Perkins 10p	157	......	u3.8	2.9	3.4	14.4
—	F.P.	—	17	9	Sutcliffe Speak Wrnts	17½	+1½	—	—	—	—
130	F.P.	21/8	173	137	♯TV-am 10p	168	+1	R5.75	2.6	4.8	11.2
††	F.P.	—	100	85	Webb Ind. Inv. Tst. 5p	85	......	—	—	—	—
125	F.P.	10/10	156	137	Yorkshire TV	137	–1	R6.25	2.4	6.4	9.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or –
£100	F.P.	23/10	100½	94	Bournem'th & Dist Wtr 10⅞% Rd Db 1996	94	–1
‖	F.P.	10/10	103p	96p	Egerton Tst 7% Cv Cm Red Pf	97p	+1
¶¶	F.P.	26/9	94	84	Hollis 25½% Cm. Subord. Ln. 1988 (29½p)	84	......
—	—	—	29	26½	JF Pacific Warrant S. A. Pref.	26½	–½
§100	£10	—	9½	8	Mid-Sussex Water 11% Red Deb 2012-16	8	–1
§100	F.P.	10/10	110½p	105p	Mountleigh 5.25% Cnv. Cum. Prf.	110p	......
§99.937	£25	24/10	25¾	23¾	Nationwide 3⅞% I.L. Ln. 2021	24¾	......
—	F.P.	—	100⅛	99½	Do 9⅞% 7/9/87	99½	......
—	F.P.	—	100⅛	100	Do 10⅜% 21/9/87	100	......
§100	£10	23/10	10⅛	4	Portsmouth Water 10⅛% RedDeb 1996	4	–1
‖	Nil	24/10	6½pm	1½pm	Rush & Tompkins 7.5% Cnv.Cum.Red.Prf.£1	1½pm	–1
96.645	£25	—	24¾	18½	Scot. Met. Prop. 10¼% 1stMort.Deb.2016	18½	–2½
—	F.P.	—	98p	96p	Sutcliffe Speak 9½% Red. Cum. Prf.	98p	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –
168	F.P.	10/10	201	185	Allied Irish Banks	201	......
200	Nil	24/10	8pm	5pm	Berkeley Technology	9pm	......
138	F.P.	10/10	146½	140	Brown & Tawse	145	......
‖	Nil	24/10	1pm	½pm	Cambrian Venture Cap. 5p	1pm	......
25	Nil	—	8pm	8pm	Christy Hunt	8pm	......
276	F.P.	14/10	306	295	FII Group	295	......
215	Nil	—	5pm	3½pm	New Court Nat.Res. 5p	4pm	+½
275	Nil	22/10	25pm	13pm	Persimmon 10p	18pm	......
315	F.P.	24/10	345	330	Sedgwick Group 10p	331	......
250	Nil	—	43pm	43pm	Tibbett 10p	43pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▣ Allotment price. ♯ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
[illegible]								
S/FL C	FL220	—	—	417	9.10	2	11	FL225.30
S/FL C	FL225	74	0.70	108	6	27	8.30	"
S/FL C	FL230	159	0.10	705	3.80	89	6.40	"
S/FL C	FL235	—	—	561	2.80	219	4.60	"
S/FL C	FL240	—	—	91	1.60B	170	3.50	"
S/FL C	FL245	—	—	30	7	1	2.20	"
S/FL P	FL220	—	—	550	4.80	49	6.60	"
S/FL P	FL225	136	0.70	734	6.80	91	9.20	"
S/FL P	FL230	240	4.50B	544	9.60	69	12.50	"
S/FL P	FL235	375	9.50	50	13	156	15.60	"
S/FL P	FL240	374	14.50	69	16.50B	—	—	"
S/FL P	FL245	279	20	12	21B	—	—	"
S/FL P	FL250	494	25	—	—	10	26.80	"
S/FL P	FL255	73	30	—	—	—	—	"
S/FL P	FL265	421	40	—	—	—	—	"
S/FL P	FL275	169	49.50	—	—	—	—	"
S/FL P	FL295	77	69.50	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	FL580	142	3.50	39	16.90	11	25A	FL547
ABN P	FL540	222	9A	101	14.50	12	17.50	"
AEGN C	FL105	31	0.70	98	3.20	2	5.80A	FL96.30
AEGN P	FL95	276	3A	120	5	2	5.90	"
AH C	FL90	91	3	11	6.50A	11	9	FL89.10
AH P	FL90	421	3.10A	31	5.90	10	68	"
AKZO C	FL150	824	3.60	533	8.20B	105	11	FL148
AKZO P	FL150	2140	5.20A	922	8.70	103	9.70	"
AMEV C	FL80	15	0.40	140	2	13	3	FL73.80
AMEV P	FL75	31	3.70A	70	5	61	5.20	"
AMRO C	FL100	213	1.20	132	4.60	2	6.80B	FL94.30
AMRO P	FL110	239	16.50A	3	16	—	—	"
ELSV P	FL200	—	—	75	5.70	—	—	FL214
GIST P	FL54	358	6.50	21	6.80	—	—	FL48.50
HEIN C	FL170	4	6.50	109	10	10	14A	FL171.20
HEIN P	FL170	38	3.50	167	7	—	—	"
HOOG C	FL85	302	0.10	11	1	59	2.50	FL62.80
HOOG P	FL70	210	7	467	8.20	87	10	"
KLM C	FL50	47	0.40	243	1.90	15	2.90	FL44.30
KLM P	FL45	212	1.90	133	3.80	47	4	"
NATN C	FL85	19	0.90	71	3	17	5	FL79.50
NATN P	FL85	132	6.80	3	7.30B	2	8.50	"
PHIL C	FL55	674	0.50	364	28	100	3.40A	FL50.20
PHIL P	FL50	755	1.40	596	3.40	134	3.80	"
RD C	FL200	473	4	583	10.20	38	15	FL200.50
RD P	FL200	434	3.60	214	6.70	18	8	"
UNIL C	FL500	151	4	93	18.50	7	31	FL478.50
UNIL P	FL480	135	11A	192	20	10	24B	"

TOTAL VOLUME IN CONTRACTS: 49,381

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday September 3, 1986	Increase (+) or decrease (–) for week
	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	82,092,845	– 3,661,245
Bankers Deposits	862,982,994	+ 6,6834,973
Reserve and other Accounts	1,428,482,000	+ 78,728,020
	2,388,110,839	+ 81,750,748
ASSETS		
Government Securities	550,881,311	+ 67,925,000
Advance and other Accounts	797,869,420	+ 57,987,180
Premises Equipment & other Secs	1,027,673,431	– 47,370,818
Notes	11,425,293	+ 3,223,907
Coin	261,384	– 14,521
	2,388,110,839	+ 81,750,748

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in Circulation	12,668,574,707	– 163,223,907
Notes in Banking Department	11,425,293	+ 3,223,907
	12,680,000,000	– 160,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	3,203,886,278	+ 662,837,278
Other Securities	9,465,098,622	– 822,837,278
	12,680,000,000	– 160,000,000

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	20.9	22.3	+0.4	0.15
Pacific Basin	16.6	17.7	+0.2	0.2
Canadian Balncd Grwth	56.9	60.8	+0.1	0.98
Cimie Mae	100.5	105.1	-1.0	7.1

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	59.0	59.6xd	+0.1	1.75
British Growth (z)	66.7	68.6xd	+0.1	2.00
British Income (z)	66.4	68.3	+0.2	4.50
British Extra Yield(z)	50.0	51.4	-0.2	6.50

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.6	68.7	-0.1	0.00
U.S. Govmnt Bond Fd	0.510	0.513	—	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Comdtl & Equity Tst	48.8	52.0	—	7.59
Growth Trust	51.7	55.0	—	2.36
Income Trust	53.5	57.0	+0.1	5.10

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0572

Growth Fund	69.1	72.6	—	2.90

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	126.6	134.7	-0.1	3.23

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy Aug 12		105.9	—	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	207.2	218.2	—	—
Equity Ser 1	100.8	106.2	-0.8	—
Prop. Acc. Ser 2	278.9	293.6	—	—
Equity Ser 2	109.6	115.4	-0.9	—
Selective Acc.	235.8	248.3	-1.4	—
Prop. Ser. 4	220.1	231.7	—	—
Equity Ser. 4	113.0	119.0	-0.8	—
Fixed Int. Ser. 4	178.4	187.8	-3.3	—
Indexed Inv. Ser. 4	113.0	119.0	-1.0	—

City of Edinburgh Life Assurance
4b Charlotte Sq, Edinburgh EH2 4HQ 031-225 1455

Ivory & Sime Bond	100	106	-4	—
Risk & Reward Bond	125.1	128.0	—	—
Murray Johnstone Fd	121.0	128.0	—	—
Money Market Fd	101.0	107.0	—	—
Ivory & Sime Pens Fd	106.0	112.0	—	—
Risk & Reward Pens Fd	103	109	-2	—
Murray J'stone Pens Fd	118.0	125.0	—	—
Money Market Pens Fd	101.0	107.0	—	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2NU Tel: 0908 690888

Current Series

Property Fund	113.0	119.0	—	—
Money Fund	222.5	234.3	+0.1	—
Managed Fund	401.4	422.6	-1.2	—
Equity Fund	253.0	266.4	-0.5	—
Fixed Interest Fund	141.9	149.3	-2.5	—
Far East Fund	211.4	222.6	+1.8	—
North American Fund	166.1	174.9	+0.3	—
Natural Resources Fund	137.7	145.0	+0.2	—
Pension Managed Fund	377.3	397.2	+0.2	—
Pension Equity Fund	239.7	252.4	+0.6	—
Adventurous Mngd Fd	111.0	116.9	—	—
Balanced Mngd Fd	107.0	112.7	—	—
Conservative Mngd Fd	105.4	111.0	+0.1	—
European Fund	103.8	109.3	—	—
International Fund	110.2	116.0	+0.1	—
S.U.N. Flexible Fd	119.0	125.3	+0.7	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	130.7	137.6	-0.7	—
Equity	148.9	156.8	-0.9	—
Property	109.1	114.9	—	—
Gilt & Fixed Interest	108.6	114.4	+0.1	—
Indexed Securities	99.8	105.1	-0.4	—
Cash	107.5	113.2	—	—
North American	102.7	108.2	—	—
Far East	129.1	135.9	+0.2	—
International	122.5	129.0	-0.2	—
Special Situations	142.5	150.1	-0.5	—
International Income	137.6	144.9	-1.1	—
American Income	112.5	118.5	-0.3	—
European	147.0	154.8	+0.4	—

Flexible Retirement Plan

Mixed	134.7	141.8	-0.3	—
Equity	144.4	152.0	-0.9	—
Property	114.4	120.5	—	—
Gilt & Fixed Interest	116.6	122.8	-0.8	—
Indexed Linked	103.0	108.5	-0.7	—
Cash	115.5	121.6	+0.1	—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey	18
BSR	11	Polly Peck	16
BTR	28	Racal Elect	16
Babcock	17	RHM	20
Barclays	45	Rank Org Ord	45
Beecham	40	Reed Intnl	75
Blue Circle	55	STC	14
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	40
Burton Ord	28	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons	22	Unilever	120
Comm Union	28	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd	48	Burmah Oil	30
ICI	55	Charterhall	4
Jaguar	38	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	18
Lloyds Bank	38	**Mines**	
Lucas Inds	52		
Marks & Spencer	18	Cons Gold	40
Midland Bk	44	Lonrho	24
Morgan Grenfell	30	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	1986 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	Exch. 14pc 1986	[illegible]	[illegible]	13.90	9.56
[illegible]	[illegible]	Exch. 2½pc 1986	99	[illegible]	2.53	9.37
[illegible]	[illegible]	Exch. 13¼pc 1987	[illegible]	.....	13.15	10.53
[illegible]	[illegible]	Treas 10½pc Cv '87	[illegible]	.....	10.26	10.35
[illegible]	[illegible]	Exch 2½pc 1987	[illegible]	[illegible]	2.56	7.62
[illegible]	[illegible]	Exch. 10½pc 1987	[illegible]	.....	10.49	10.45
[illegible]	[illegible]	Funding 6½pc '85-87‡‡	[illegible]	[illegible]	6.62	9.70
[illegible]	[illegible]	Treas. 10pc 1987	[illegible]	[illegible]	10.09	10.37
[illegible]	[illegible]	Treas 3pc 1987	[illegible]	[illegible]	3.13	8.25
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]	[illegible]	11.82	10.38
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	[illegible]	.....	7.77	9.92
104	[illegible]	Exch 10½pc '88	[illegible]	[illegible]	10.52	10.63
[illegible]	[illegible]	Treas 9½pc Cv '88	[illegible]	[illegible]	9.88	10.56
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	[illegible]	3.28	8.15
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	.....	9.69	10.62
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	11.31	10.65
[illegible]	[illegible]	Treas 9½pc Cnv. '89	[illegible]	[illegible]	9.72	10.57
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	.....	3.38	7.84
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.56	10.68
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	10.18	10.70
[illegible]	97	Exch 11pc 1989	[illegible]	[illegible]	10.90	10.63
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	.....	5.57	8.90
[illegible]	[illegible]	Exch 10½pc Cv '89	[illegible]	.....	10.18	9.92
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	10.29	10.69
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.93	10.74
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	11.91	10.76

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986 High	1986 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
188	82	Midland Marts	173	.....	ϕ4.0	1.0	3.3	41.5
78½	45	Mitchell Cotts	45	−1	4.25	1.5	13.3	(6.4)
124	81	Modo & Crane 10p	118	.....	12.7	2.9	3.2	14.4
317	228	Morgan Crucible	250	.....	8.5	1.7	4.8	15.7
29½	15½	Morris (W) F.A. 20p	22	−½	—	—	—	—
152	65	Mysa Grp 10p	152	.....	12.65	2.6	2.5	19.4
365	259	MMW Computers	285	−5	6.0	3.0	3.0	16.4
40	27	Nash Inds	40	.....	10.5	—	1.8	—
27½	15½	Neil & Spencer 10p	19	.....	ϕ	—	—	—
39	28	Newman Inds 10p	35xd	.....	10.8	1.5	3.2	26.8
136	65	Noble & Lund 10p	121	−1	0.7	4.3	0.8	39.8
65	39	Molton	39	−1	10.95	7.0	3.4	5.6
150	96	Morank Systems 5p	140xd	.....	m1.5	—	1.5	17.9
286	187	Norcros	239	.....	9.3	2.2	5.5	11.4
180	49	Nu-Swift 5p	160	.....	3.5	2.1	3.1	21.5
£355	£228	OCE 9pc Cnv 1987-92	£350	.....	Q9%	—	2.6	—
118	80	Oakwood Grp	85	.....	ϕ5.0	1.3	‡	11.8
259	203	Office & Elect	220	.....	8.5	2.9	5.4	9.0
183	70	Oldacre 20p	175	.....	ϕ5.0	ϕ	4.1	ϕ
36	22	Optometrics $0.01	22	.....	—	—	—	—
890	500	Oriflame £1	670	.....	124.5	2.1	4.0	16.7
10	5	Ovenstone 12½c	5	.....	Q3.25c	1.9	38.1	2.9
142	85	PCT Grp 10p	115xd	.....	d3.2	—	5.7	—
£20¾	£13¾	PLM 'B' Sk25	£17½	.....	Q23.2%	0.3	3.3	—
195	114	PSM Intl	188	.....	ϕ6.5	2.1	4.1	14.3
255	167	Pacer Systems $0.03	170	.....	L03.0c	3.4	1.6	18.9
78	56	Pacific Sales 10p	59xd	.....	3.0	ϕ	7.3	ϕ
465	246	Parker Knoll 'A'	428	.....	19.5	2.9	3.2	15.2
535	208	Parkfield Group 5p	475	.....	3.6	4.2	1.1	30.2
53	17	Paxton Ind	20	+2	—	—	—	5.3
£130	£70	Do 11pc Cnl.n '94-02	£75	+1	Q11%	—	0.2	—
608	395	Pearson	510xd	.....	110.0	2.8	2.8	16.6
26	12	Peek Holdings 5p	26	.....	—	—	—	—

LEISURE—Continued

1986 High	1986 Low	Stock	Price	+ or −	Div Net	C'vr
390	263	LWT	388	.....	114.4	1.8
187	137	Lee International 10p	165	−2	L3.8	ϕ
46	32	Leisure Inv 10p	45½	−½	—	—
115	58	Leisuretime Int 10p	89	−2	12.3	ϕ
117	100	Lowndes	105	.....	u2.63	3.3
220	125	Media Tech Int 20p	125xd	−1	2.8	ϕ
170	130	Medminster 10p	140	+10	15.35	2.7
220	130	Miss World 10p	200	.....	15.2	3.3
90	62	Nationwide Leisure	73	−1	10.75	2.5
17	10	Nimslo Int 20c	10	.....	—	—
35½	25	Owners Abroad 3p	33½	.....	1.5	2.3
90	46	Pheasant (Lon.)	67	.....	—	—
34	28	P'dily Radio NV 5p	28	.....	2.0	1.2
73	25½	Pineapple 10p	68	.....	—	—
391	280	Pleasurama 5p	323	.....	17.5	3.6
178	136	Do. 7pcCnCmRedPf.	149	+1	7%	—
157	100	Prestwich	102	.....	tid0.35	7.8
43	28	Radio City 'A' NV	32	.....	—	—
51	33	Radio Clyde NV	48	.....	3.25	0.9
395	322	Really Useful Grp 5p	373	+1	h11.25	2.2
64	42	Riley Leisure 10p	42	.....	—	—
290	130	Saga Hols. 20p	136	+1	4.6	2.6
355	155	Samuelson Grp 20p	175	+5	2.4	6.5
123	73	Sangers Photo 10p	86	−2	ϕ2.2	1.5
178	125	Scanro 50p	125	.....	4.0	3.5
340	175	Scott. TV 10p	328	.....	10.5	3.0
294	114	SeaCo Inc $0.125	178	.....	—	—
27	7	SelecTV 10p	16	.....	—	—
37	20	Spectrum 5p	28	.....	11.2	4.8
131	119	Stanley Leisure	130	.....	d3.25	2.8
46	31	TSW 5p	46	.....	11.7	2.4
279	144	TVS N/Vtg 10p	237	.....	10.0	2.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

INSURANCES

LEISURE

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

"Recent Issues" and "Rights" Page 15

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

FINANCIAL TIMES

Saturday September 20 1986

NatWest group takes BA finance deal from Goldman

By Peter Montagnon, Euromarkets Correspondent

THE TUSSLE over who should provide finance of \$2.3bn (£1.59bn) to British Airways, for its planned purchase of 16 Boeing 747-400 jumbo jets, has been won by a group of five international banks under the lead of National Westminster.

The banks yesterday snatched the business away from a group assembled by Goldman Sachs, the US investment bank which had formed the group in July at the behest of Rolls-Royce as part of the company's successful bid to provide engines for the aircraft.

However, once the Rolls-Royce order had been announced, a fierce bidding war broke out in the banking community to oust Goldman Sachs as arranger of the finance. All five banks which won the business yesterday had been firmly committed to the Goldman group, from which they defected.

Besides National Westminster, the members are Barclays, Citicorp Investment Bank, Midland, and Mitsubishi Trust and Banking. At least one other bank in Goldman's group, Chemical, also sought to win the deal for itself.

Mr Gordon Dunlop, BA's chief financial officer, said of the winning group yesterday: "They've simply come up with the best deal." Neither he nor the banks concerned would outline the terms, although he said the final payment under the finance scheme will be made in 2009.

Aerospace finance is catching on as a growth sector of the international banking business, now that many airlines, such as BA, are modernising their fleets and replacing aircraft. Yet few banks are expert in it.

Mr Dunlop denied that the final selection of a largely British group of banks had any political motivations. A wide range of considerations came into play with such finance, he said. Besides overall cost there was the need for flexibility in the loan conditions so as to maximise the benefits from any taxation changes on aircraft leasing between now and when the aircraft start to be delivered in early 1989.

Goldman Sachs, which has suffered the embarrassment of its group's disintegration in the bidding war, was putting a brave face on it yesterday.

"Our interest was solely that of our client Rolls-Royce. Their object was to win the engine order and they won it. British Airways then had to think again, quite independently, about the financing."

UK applies to EEC for green pound devaluation

BY ANDREW GOWERS IN LONDON AND TIM DICKSON IN BRUSSELS

BRITAIN is seeking a devaluation of the green pound, the notional currency used to translate Common Market support prices for farm produce into sterling.

The change, applying only to livestock products, would boost farm incomes, answer pleas for protection by hard-pressed meat producers and increase food prices by a small margin.

The move, which follows an EEC decision to grant a green currency devaluation to Ireland earlier this week, seems likely to be resisted by the European Commission, which is struggling to restrain spending in support of farm prices. It may also spark demands for comparable treatment from France.

Any devaluation of the green pound means higher prices for farmers and consumers in Britain.

Mr Michael Jopling, the Agriculture Minister, said yesterday that he wanted a 6 per cent devaluation of the green pound for beef and a 2 per cent adjustment for other livestock products.

His move follows the recent depreciation of sterling against Continental European currencies, which has put the green currency well out of line with the actual sterling exchange rate.

It has been urged strongly by farmers, and particularly by meat producers in Northern Ireland. They feared competition from cheaper produce from the Republic of Ireland following the devaluation of the green punt.

The Northern Ireland meat industry says that slaughterings in Ulster have fallen sharply while they have risen in the Republic. Producers have claimed that a devaluation of the green punt would cause a heavy loss of employment within the industry in Northern Ireland, which accounts for some 3,500 jobs.

"The consequences of the devaluation of the green punt will be principally felt in the livestock sector... where competition with the Irish is very direct," said Mr Jopling, adding that the Irish devaluation would also lead to "distortion of trade."

The British Minister acknowledged that a green punt devaluation would increase food prices, but he said the effect would be marginal.

The British request had been generally expected in Brussels although there was no guarantee, however, that Mr Frans Andriessen, the EEC Farm Commissioner, would look as favourably on it as he did on Ireland's.

He has made clear his opposition to green currency devaluations outside the Community's annual price-fixing negotiations, and stressed that only the recent realignment of the European Monetary System, and Ireland's bad weather and depressed farm incomes, made the country a special case.

The French Government, which abstained along with Britain in this week's vote on the Irish devaluation, will also be watching the Commission's deliberations with keen interest.

Smith & Nephew to buy US medical group for \$284m

BY TONY JACKSON

SMITH & NEPHEW, the British medical and healthcare company, is to spend \$283.9m (£192m) on acquiring Richards Medical of the US, a manufacturer of artificial joints, surgical implants and other orthopaedic products. The purchase, Smith & Nephew's biggest to date, will bring the group's US sales to about \$350m annually, nearly half its total.

Richards is being sold by CooperVision of California, which bought it in February this year. Since then CooperVision has made other large acquisitions, and is making the sale to relieve the strain on its balance sheet.

Mr Eric Kinder, chief executive of Smith & Nephew, said: "This is an absolute natural for us. The market is a very difficult one to get into, since it needs a solid base of research and development and also a long-standing relationship with the surgeons who are the customers. There are only half a dozen big players in the US, and Richards is the third biggest."

Richards, like Smith & Nephew, is an international business, with up to a quarter of its sales outside the US, and manufacturing plants in Switzerland, France and Germany.

Mr Kinder said the group had no particular preference for US acquisitions. "We regard the US market as very important in its own right, but I'd be perfectly happy to look at a nice attractive UK company to redress the balance, if such a one existed," he said.

The bulk of the price is to be paid by the recently fashionable method of a vendor placing with a clawback facility, with the rest coming from US loans.

An issue of 110.58m shares, worth £127.1m, is being placed with City institutions, but shareholders will be able to take up the shares in the form of a 2 for 15 rights issue at 115p. On the stock market Smith & Nephew's shares fell 7p yesterday to 117p.

Richards has shown profits growth of 16 per cent a year in the last five years, making operating profits of \$15.2m last year on sales of \$141.4m. Mr Kinder said that although the price/earnings ratio on Richards' earnings was about 30—well above Smith & Nephew's rating—he did not expect significant dilution of this year's earnings.

Shearson Lehman, the US investment bank which advised Smith & Nephew on the purchase, said the British company was one of a very few companies given the opportunity to bid by CooperVision. "We were able to do things very quickly, and kept it very quiet," the bank said.

Unit trust sales top 1985 total

BY ERIC SHORT

THE VALUE of unit trust sales so far this year has exceeded that for the whole of 1985, itself a record, according to figures yesterday from the Unit Trust Association.

By the end of August, sales had reached £5.65bn and August itself set a record for any one month of £690.9m.

Sales for last year overall were £4.5bn.

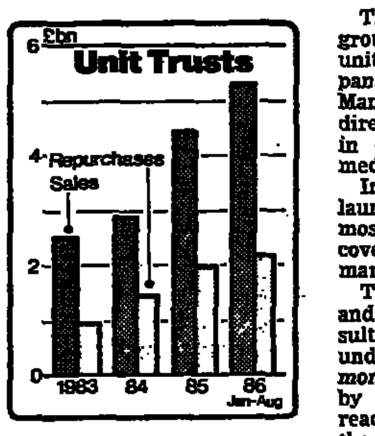
The contrast with 1985 is even more striking when repurchases — people cashing in their units — is taken into account.

Re-purchases in the first eight months totalled £2.1bn, leaving a net new investment total of £3.26bn, 2½ times the level reached by August 1985 and well above the record £2.54bn for the whole of that year. This August itself, net new investment was £409m.

Three factors lie behind the upsurge in unit trust investment.

First, world stock markets have been buoyant and that in itself tends to attract investors.

Second, the large financial institutions, particularly the life companies, have been coming into the unit trust sector, setting up management companies or expanding existing involvement.



Third, unit trust management groups have been marketing units more aggressively and expanding their marketing outlets. Many have appointed sales directors whose job is to keep in constant touch with intermediaries.

In addition, they have launched a variety of funds, most of them overseas funds, to cover most of the world equity markets.

The buoyant stock markets and increased sales have resulted in the value of funds under management soaring each month. The total appreciated by nearly £2bn last month to reach £29.8bn at its end—more than double the value a year before.

The number of direct unitholder accounts, which passed the 3m mark in July, continued to rise in August to reach 3.07m at its end.

Unit trust review, Page VII; Broker funds pose dangers, Page IX

Continued from Page 1

Howe

apartheid organisations in South Africa.

Sir Geoffrey did not seek permission from the South African government for access to Mr Nelson Mandela, the jailed ANC leader, during his visit because British officials had been told that, even if permission were granted, Mr Mandela would refuse to see him.

As Mrs Thatcher made clear during her recent talks with Mr Helmut Kohl, the West German Chancellor, the British Government is still opposed to sanctions and reluctantly agreed to the latest EEC sanctions only in the name of European unity.

Schroders to sell life business to Australian group

By David Lascelles, Banking Correspondent

SCHRODERS, the UK merchant banking group, is to sell its life insurance business and the linked unit trust operation to the National Mutual Life Association of Australia, the second-largest life office in Australia.

The £99m deal marks Schroders' decision to pull out of life insurance and concentrate more closely on the wholesale banking and securities markets, where it sees its future. The sale price is significantly higher than the value given to the business by Schroders in its latest accounts.

Mr G. Mallinckrodt, Schroders' executive chairman, said that the life insurance and unit trust business, which are grouped in Schroder Financial Management (SFML) had developed rapidly and successfully. But management considered that "the long-term development of SFML will be enhanced by being part of an organisation that is itself primarily involved in the life assurance and retail financial services market."

Schroders will retain that portion of SFML's unit trusts subscribed directly by its own clients. It has also entered into an agreement with National Mutual to continue to act as investment manager to SFML for three years. SFML has 20 authorised unit trusts and numerous life and offshore funds. The funds being transferred to National Mutual amount to about £900m.

Schroders valued its life insurance subsidiaries at £22m at the end of last year. The equity interest in other SFML activities was valued at £3m. Altogether the SFML group contributed £700,000 to Schroders' disclosed operating profits of £16.5m last year.

Mr Eric Mayer, chief executive of National Mutual, described SFML as "one of the fastest-growing and most prestigious businesses in the UK," and said: "I think a new force has arrived on the UK market."

National Mutual has more than £6bn in worldwide assets, and interests in a wide variety of financial services. It has grown fast in the UK recently, and is building headquarters in Poole, Dorset.

The deal is subject to Schroder shareholder approval, and is expected to be completed by December 31.

Mr Mallinckrodt said the proceeds from the sale would ensure that Schroders "had a good cushion" of capital before the Big Bang, the deregulation of the UK financial markets, at the end of next month.

He said the sale had not been prompted by any need to separate the investment management business from the rest of the group for reasons of conflict of interest.

Continued from Page 1

Markets

and strengthened slightly against the dollar to \$1.476, although it slipped in New York to close at \$1.4755.

In London, the FT Ordinary share index fell 10.5 to 1,269.1.

Roderick Oram in New York adds: The dollar stabilised yesterday, closing in New York at DM 1.9865, having finished the day in London at DM 1.992. However, the US Treasury bond market saw prices tumble for the second day running. The benchmark Treasury long bond fell by $1\frac{1}{32}$ by the New York close to $93^{21}/_{32}$ to yield 7.82 per cent.

Most attention was on the New York Stock Exchange where the once-a-quarter phenomenon of "triple witching hour" passed without the enormous price swings in the closing minutes of trading experienced previously. The Dow Jones Industrial Average closed down 11.67 at 1,762.65.

However, the simultaneous expiration of share futures and share indices futures and options generated a huge surge in volume as traders squared their positions. About 25m of the day's 153.86m shares were traded in the closing minutes of the session.

Mr Robert Birnbaum, president of the NYSE, and Mr Richard Ketchum, the Securities and Exchange Commission's director of market regulation, were satisfied with the market's performance.

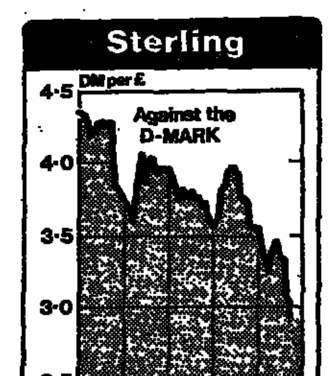
Both watched trading on the floor but said it would take some time to analyse data to determine whether new disclosure requirements had taken some of the sting out of triple witching hour.

Traders were required to disclose half an hour before the close any imbalances in their market-on-close orders in the 30 Dow Jones Industrial Average blue chip shares.

THE LEX COLUMN

A black Mark for sterling

Index fell 10.5 to 1269.1



Gilt-edged traders seem almost to savour bad news, and there is nothing they enjoy more than an old-fashioned sterling crisis. So the sight of the pound not just slipping but slumping against the Deutsche Mark on Wednesday and Thursday — and the Bank of England offering no visible means of support — had them slashing prices with alacrity. Yesterday's steadier tone in the foreign exchange markets calmed things down. Even so there was still talk of a possible rise in base rates. A few weeks ago that would have been unthinkable, and it is not at the top of the political agenda even now. But the pressures for an increase are varied and if the market was to seize on just one pretext it could talk itself into a misery.

The obvious concern is sterling and the chance that if West Germany continually refuses to cut interest rates the UK will have to raise them. The UK authorities will no doubt take heart from the fact that the pound has lost little ground against the dollar, hoping that the markets will concentrate on this traditional if misleading barometer.

Sterling weakness may be more than a reflection of D-mark strength, though. If the above-target growth in monetary aggregates is to blame, tighter monetary control is the textbook solution however unacceptable politically. Fears about inflation—whether caused by a lower exchange rate, high wage increases or even monetary growth—are not yet pressing but might increase. Lastly, political worries could worsen as the party conference season progresses, deterring foreign investors; gilt-edged yields have risen faster than in other bond markets, but does the widening differential justify the currency risk?

Smith & Nephew

Such is the City's confidence in Smith & Nephew that if S & N wants to buy Richards Medical that's good enough for investors. The discount on S & N's placing was rather narrow — only 2p below yesterday's closing price of 117p, down 7p yesterday. The price may look a touch expensive: Richards' p/e is higher than S & N's. Its profits growth rate at only 16.3 per cent a year compares with S & N's earnings per share growth above 20 per cent a year. And the vendor is making a quick profit on the business it bought in February.

If that is all the critics can say against the deal, it must be good. The orthopaedic market is fast growing as the average American ages and health providers realise that a hip replacement now will save nursing bills later. Dilution should be minimal in 1987 and the balance sheet will need little more than a sticking plaster to get back to its usual undergeared state. S & N's consideration for its shareholders gives them a rare chance to pick up stock on any kind of a discount.

Enterprise Oil

It seems odd that a company with a single product and no foreign earnings, should take almost three months to deliver its interim results. But shareholders in Enterprise Oil will not complain at a delay that may have quelled any boardroom doubts about a maintained dividend. The company is now getting about £10 for each of its barrels of oil. At the end of the first half the price was only £6, and even Enterprise, fixated as it is by its share price performance, must have thought it would become yet another failed income stock.

In fact, the company can justify its generosity by its earnings. Although pre-tax profits covered only 15 per cent of the payout, the PRT credit of £15m is simply the Government's subsidy to the first half exploration programme. In other words Enterprise's real exploration costs were only £9m, rather than the £24m above the line that swamped gross profit of £23m.

Yet in the current environment the green and folding is more important than what the finance men write into the p and l. Enterprise's cash position improved by £11.2m in the first half to reach £31m net. Here the contrast with Britoil, which bled about £120m in its first half, is at its clearest. Enterprise may have to pay a disputed £50m corporation tax bill during the second half, which would leave it in the unfamiliar position of having some net debt: like Shell. If current oil prices persist, Enterprise's should make just enough to cover the £18m cost of maintaining the dividend. On that basis the shares, up 4p at 130p are yielding 9.5 per cent. That seems a fair risk assessment.

Share swaps

In a week that has seen 10m disappearing shares in AE decide one takeover bid battle, the sudden materialisation of shares in BET could well decide another. It is not at all surprising that the HAT Group has objected so strongly to the off-market share swap which has raised BET's stake in HAT close to 30 per cent.

To recap: having reached the 15 per cent level of purchases for cash, BET was unable to buy more HAT in the market without raising its cash offer. BET's financial advisers offered various institutional holders of HAT new BET shares pro-rated to the formal BET share offer. Given the dodgy state of the market, and the diminishing chance of a higher offer from elsewhere, there seems to have been no shortage of takers of jam today rather than at the end of the account. That some HAT holders took advantage of the immediate arbitrage possibilities between the BET share and cash offer, amounting to some 14p at best, is no more than human nature.

It is easy to sympathise with HAT. The transaction has given BET the boost of a 30 per cent platform it sorely needs after a sluggish start to its campaign. The immediate uplift was available only to professional shareholders and the arbitrage gap has inevitably closed, thus reducing the value of the BET share offer for HAT holders out in the sticks.

But it is hard to see that BET has done anything wrong, as opposed to smart. Nobody was shorting HAT, since certificates had to be matched. And if HAT loses its independence, it will probably have the failing market to blame more than this transaction.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Treas 5½pc '08-12	£61	+ 1	Funding 5½pc '87-91	£88¾	− ¼
Belhaven Brwry	87	+ 10	Allied-Lyons	308	− 8
Cons Gold Fields	549	+ 14	Burmatex	233	− 7
De Beers Dfd	538	+ 18	Dee Corp	250	− 12
Glaxo	992	+ 12	Pilkington Bros	435	− 12
Hartebeest	374	+ 22	Prudential	818	− 24
Imry Property	390	+ 10	RMC	618	− 22
Lee Cooper	225	+ 7	Redland	431	− 8
Loraine Gold	440	+ 35	Royal Insurance	827	− 12
Prince of Wales Hotels	90	+ 10	Saatchi & Saatchi	645	− 20
Randfontein Ests	£68	+ 4½	Smith & Nephew	117xr	− 7
Sons of Gwalia	350	+ 57	Tarmac	462	− 10
Wellcome	203	+ 6			
Western Areas	300	+ 45			

WORLDWIDE WEATHER

UK today: Dry, sunny periods; cloud and some rain in N and N Ireland. High wind in N. Outlook: Similar.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Dallas	S	31	88	Madeira	S	23	73	Peking	S	24	75
Algiers	F	33	91	Dublin	S	15	59	Madrid	F	24	75	Perth	C	15	59
Amsdm.	F	14	57	Dbrvnk.	S	29	84	Majorca	S	32	90	Prague	S	13	55
Athens	S	30	86	Ednbgh.	F	14	57	Malaga	F	27	81	Reykjvk.	S	10	50
Bahrain	S	35	95	Faro	C	24	75	Malta	S	30	86	Rhodes	S	28	82
Barclna.	F	24	75	Florence	S	31	88	M'chstr.	S	14	57	Rio Jo	C	23	73
Belfast	F	13	55	Frankt.	S	15	59	Melbne.	C	14	57	Rome	S	27	81
Bolgrd.	F	17	63	Geneva	C	14	57	Mex C	C	18	64	Salzbrg.	F	13	55
Berlin	C	14	57	Gibraltar	C	22	72	Miami	F	31	88	S Frisco	F	18	64
Biarritz	F	21	70	Glasgow	C	12	54	Milan	T	18	64	Singapr.	S	30	86
Bmghm.	S	15	59	G'nsey	S	15	59	Montrl	F	19	66	Suago	C	21	70
Blackpl.	S	14	57	Helsinki	F	10	50	Moscow	C	8	46	Stckhm.	F	15	59
Bombay	C	29	84	H. Kong	S	29	84	Munich	F	13	55	Strasbg.	S	15	59
Bordx.	F	19	66	Innsbrk.	F	13	55	Nairobi	F	26	79	Tangier	F	28	82
Bristol	C	15	59	Invrnss.	C	13	55	Naples	S	32	90	Tenerife	F	25	77
Brussels	S	14	57	I.o.Man	S	13	55	Nassau	F	30	86	Tokyo	C	26	79
Budpst.	S	18	64	Istanbul	F	26	79	Nwcstl.	S	15	59	Toronto	C	19	66
Cairo	S	33	91	Jersey	S	16	61	N Delhi	S	36	97	Tunis	S	33	91
Cardiff	S	13	55	L. Plms.	C	25	77	N York	C	19	66	Valencia	S	27	81
Cape T.	S	22	72	Lisbon	S	24	75	Nice	S	26	79	Venice	C	20	68
Chicago	R	20	68	Locarno	F	22	72	Nicosia	S	30	86	Vienna	S	14	57
Cologne	S	15	59	London	C	15	59	Oporto	F	24	75	Warsaw	F	14	57
Cophgn.	C	13	55	L. Ang	C	20	68	Oslo	F	15	59	Zurich	C	10	50
Corfu	S	32	90	Luxmbg.	S	13	55	Paris	S	15	59				

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Gatt ministers still split on farming and services

BY WILLIAM DULLFORCE AND IVO DAWNAY IN PUNTA DEL ESTE

DIPLOMATIC EFFORTS to break the impasse between governments over the terms of a global trade agreement grew more frenetic yesterday after a flurry of proposals in the early hours failed to resolve the key disputes.

With less than 24 hours to conclude the meeting, ministers are still bickering over the wording of their declaration on farm trade and how service industries should be managed in a new round of negotiations under the General Agreement on Tariffs and Trade (Gatt).

The "free traders" group of 14 agricultural exporting nations backed by the US, yesterday rejected a proposed text on farm trade, offered by the EEC after four days of fractious debate with France.

This met French insistence for no specific reference to export subsidies nor any date set for their removal. Australia and Argentina are demanding that the word "export" — aimed directly at the EEC's Common Agricultural Policy system of subsidies — stays in. They also want to keep a commitment to "phasing out" all subsidies.

Hopes of a breakthrough on the services issue have risen from the welter of proposals to Mr Enrique Iglesias, the Uruguayan conference chairman.

Brazil and India, chief opponents of the inclusion of services in Gatt, have given ground in several areas and Mr Clayton Yeutter, the US Trade representative, appears to have ceded the principle that services should be integral to a rule-making Gatt round.

Early yesterday, the two sides agreed that the sector could be negotiated on the same timescale as trade in goods and should be conducted under the same heading. The question of the status of the talks remains unresolved.

Brazil and India have long argued that services trade is not within Gatt competence, while the US has insisted that it be incorporated into the general agreement. It has been mooted that the whole negotiation, including that on goods, be taken on an ad hoc basis.

Legally, this would mean the talks would not be conducted by the Gatt contracting parties, but by the same negotiators sitting instead as sovereign governments. The final results could be incorporated into the Gatt treaty only by a separate decision taken at the end.

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طبق الأصل من صورة

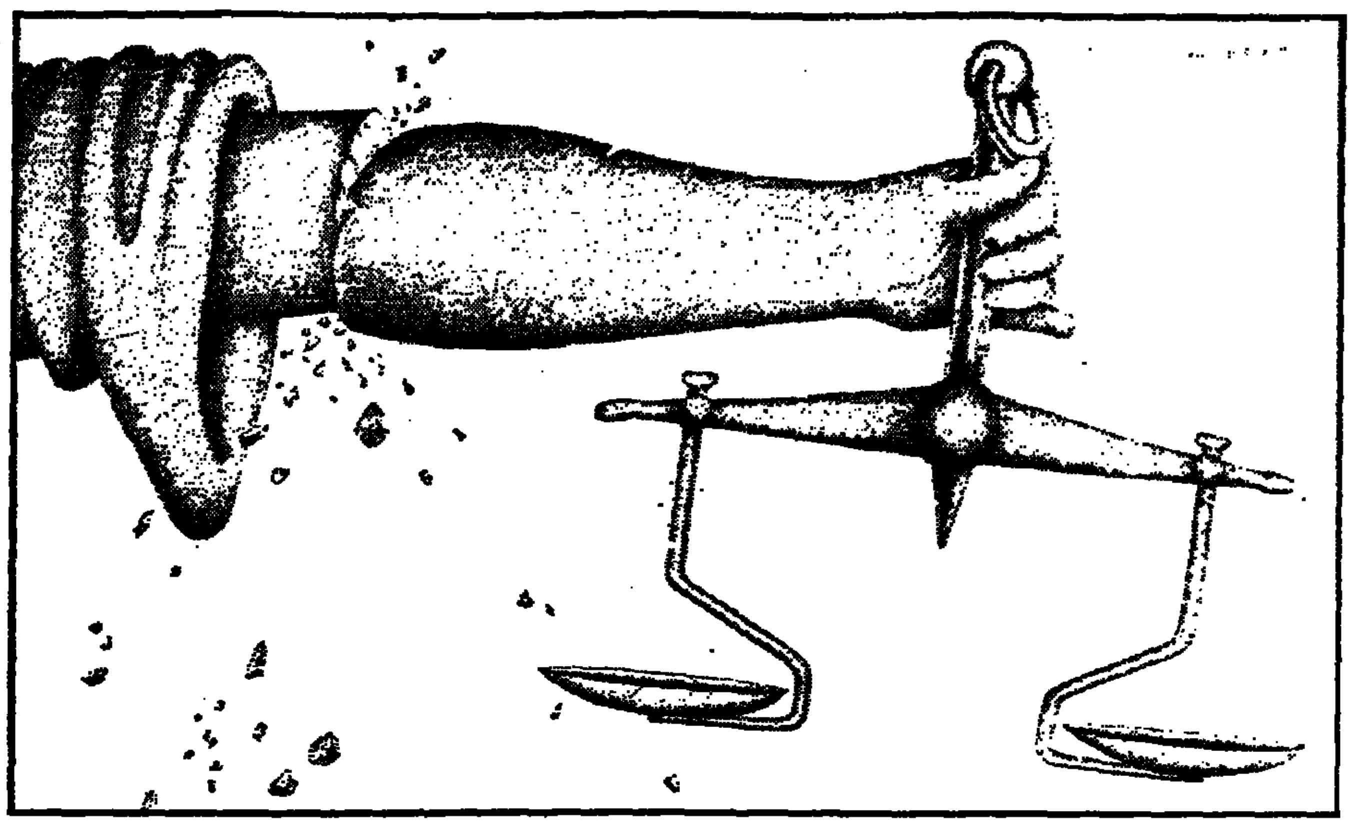
مكتبة الاعلام

WEEKEND FT

Saturday September 20 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

England's courts are in trouble. Many are stretched to breaking point and some cases can take years to be heard. **Robin Pauley** examines the causes of the crisis and what might be done.



Justice goes on trial

A SHORT sharp shock awaits anyone making a random visit early in the morning to any major English criminal court. Any idea that justice is still based on the concept of swift and efficient trials so that suspected transgressors can be dealt with fairly disappears instantly in the noisy maybem of jurors, lawyers, witnesses and relatives massing around, trying to establish which long-delayed case is to be heard next in which uncomfortable courtroom.

There have been times when justice might have been dished out too speedily. Samuel Pepys recorded in his diary for January 8, 1664, a robbery in London's Lymestreete in which Mr Tryan, a merchant, lost £1,050 cash and about £4,000 "in jewells." On January 31, Pepys got a place on a cart wheel for a shilling to view, with between 12,000 and 14,000 other people, the hanging of a man named Turner for the Tryan robbery. But not even a parking ticket gets processed that quickly these days.

Everybody agrees that the lengthy delays in modern-day UK court procedures are intolerable. Judges blame lawyers, lawyers blame the system. The government gives the system more money and staff and appoints more magistrates and judges. Nothing improves. Prisons fill up faster than they can be built, much of their room being occupied by people awaiting trials that will eventually acquit them. The problem runs through all branches of the legal system, civil and criminal. Lord Justice Neill complained recently of "inordinate and inexcusable delays" by lawyers which had meant that a medical negligence case took nine years to get to court.

However, it is the near-standstill in the criminal courts that is most alarming, because it is those courts which make decisions affecting not only a person's good standing and future position in society but also his most precious possession—his personal liberty. Equally alarming, there is mounting anecdotal evidence that pressure in the criminal courts is leading to corner-cutting and abuses of the system. While there is little to support the view that outright jury-tampering is widespread, there are examples aplenty of defending lawyers making excessive use of the right to challenge jurors in an attempt to get a sympathetic jury. Some solicitors and barristers are also starting to talk in hushed wine bar tones about a rise in plea-bargaining (in which prosecutors and defenders make agreements before a trial begins), a practice alien to all the traditions of British justice.

It is also difficult to reconcile the idea of a fair and well-argued trial with the sight of court papers being thrust into lawyers' hands minutes before they rush into court for a committal hearing, for example, forcing them to read, think and argue all at the same time.

Without a doubt, the system is creaking terribly under the strain, and the ultimate losers are the defendant and society's respect for the judicial process. The latest in the rush stream of criticism is from Lord Gifford QC, whose book Where's the Justice? notes: "For people pleading not guilty, delays awaiting trial can be terrible . . . The average figures conceal many cases of people spending a year or more in custody and then being acquitted. No compensation is available to them unless they can sue the police for malicious prosecution. Usually, this will be a time of great anxiety, and I have known clients who have suffered far more from the strain of waiting than from any sentence which the court would be likely to impose."

The official statistics bear witness to his comments. One of the problems is the way in which the judicial system is divided-up. Lay magistrates, supplemented by professional stipendiary magistrates in some of the larger cities, hear all cases at the start and can deal with all minor offences. But they must send serious cases on to the crown courts to be heard by a judge and, in the case of defendants denying the charges, to be tried by a jury of 12 selected at random. In addition, on a wide range of not-so-grave charges, defendants can choose to have the case referred-up from the magistrate's court to the crown court for trial.

During 1984, some 109,000 people were committed for a trial for which they had to wait an average of 14 weeks in England and Wales, ranging from nine weeks in the Midlands to 24 weeks in London. In many cases, several weeks has to be added to cover the period between a person being charged and the prosecution finally being ready to present its case to magistrates for formal committal to the next court.

In addition, a further 9,500 people were sent by magistrates to the crown courts to be sentenced because the magistrates felt a more severe sentence was needed than they were empowered to impose. These defendants had to wait between five and seven weeks on average for the bad news (which, in fact, often turns out to be a good deal more lenient than might have been imposed in the original court). Another 17,700 appealed against their sentences, their wait varying between an average 6½ weeks in the Midlands to 10 weeks in London.

All defendants in Britain are "innocent until proved guilty," so the detention in custody of a person awaiting trial is one of the trickiest grey areas in which the rights of the individual and the general protection of society collide uncomfortably before their innocence can be tested. This problem is even worse than it looks because people pleading not guilty have to wait even longer in custody for trial. About half the people who plead not guilty are acquitted, so every year several thousand people spend a good part of their time in prison awaiting trial for crimes of which they will ultimately be cleared.

Justice at both the magistrates' and crown court levels is at breaking point in London, where the delays are much the worst. Famous seats of justice—the Old Bailey, Southwark and Knightsbridge crown courts, and Bow Street and Marylebone magistrates' — are struggling against the tide. Defendants, witnesses, relatives, lawyers, jurors, court officials, policemen and spectators mill around like a railway terminus crowd.

Although the average waiting times are lower for people held in custody than for those freed on bail, more than a third have to wait more than eight weeks in prison before they are even committed for trial—a proportion which rises to three-quarters in London. The chaos is so bad in the capital now that a quarter of all people held in custody have to wait more than 20 weeks before their case is sent for trial.

When this is combined with the average waiting times in the capital for a trial, it is easy to see why so many people languish in prison for around a year.

The lawyers escape. Prosecutors and defenders alike are to be found lunching in local wine bars where many a deal is fixed. They are exceptionally cautious and secretive. According to one lawyer, in a wine bar suitably close to the London Dungeon: "It used to be very straightforward in the old days. Two charges were laid by police in magistrates' court—say dangerous driving and driving without due care. A guilty plea to the second usually meant the police accepting a not-guilty plea to the first, except in really bad cases. A not-guilty plea to both meant the police prosecuting both. Now, it's much more complicated. There is serious and secret behind-the-scenes bargaining over pleas and charges well beforehand.

The lawyer's colleague concurred, nervously. "You can get away with a lot these days if your client will only agree to plead guilty to something. Often, the pressure comes from the police side. The whole system is clogging up and you can often get a minor charge if you promise to plead guilty just to keep a lengthy not-guilty plea out of the courts. It is wrong, but in some senses the defendants are better off—the guilty ones, that is."

Just how far down Britain's judicial system does London's decline stretch? Certainly, the crown courts in the other main cities are over-loaded and the wheels of justice grind ever more slowly as the pressure mounts despite the appointment of more judges and recorders to sit in more courts.

In the Yorkshire city of Leeds, we find the point of balance between a judicial system still barely working satisfactorily and one no longer meeting the criteria. The crown court, for all its splendid new accommodation, is hearing cases months after the offences were committed, and time and again delays negate the concept of swift and fair justice. Nearby, the city magistrates provide the example of the crossover point. The courts are housed in the grandiose grime of Victorian municipal architecture, with pompous statues of the Prince Consort (1865) and the Princess of Wales (1873) gracing the foyer.

In the rest of the building, 12 courts work all day every day to keep up with 60,000 cases a year, all of which are heard by benches drawn from the 360 lay and two stipendiary magistrates. "We have really had to streamline procedures to cope. All new cases are heard in one court; there is a sifting court for new prisoners and remands in custody and a special court for committals," says Peter Whitehead, clerk to the magistrates.

Committals for trial are the most notorious cog in the wheel. In Leeds last year, 2,913 people were sent for crown court trial for 7,390 indictable offences. One problem is that many people elect to go to trial in the belief, supported strongly by statistics, that if they plead not guilty they are much more likely to be acquitted by 12 of their peers than by lay magistrates. But this applies only to people who plead not guilty. About 90 per cent of the people committed for trial eventually plead guilty after taking professional advice; had they (or a good many of them) elected to be dealt with by magistrates, they could have contributed to avoiding a colossal waste of court and legal time that adds greatly to the logjam.

Whitehead says: "It would be worth experimenting by sending those who elect to go to crown court and then plead guilty back to the magistrates for sentence. That might stop the drift. It is very sad that so much time is needlessly wasted when the courts are under such pressure." On the other hand, he is careful not to equate efficiency with justice.

He admits candidly that Leeds was as close to breakdown as anywhere. "The worst is over, but we did get to the point where only about 40 per cent of cases for committal were being considered on the day they were set down for hearing. This means only six or seven were considered from a list of 16 or 17. We were nearly grinding to a halt, but we are now up to about 60 per cent."

Part of the problem in magistrates' courts has been the phasing-in of the new crown prosecution service, which will take all responsibility for prosecutions away from police and put them in the hands of an independent, fully-qualified team of prosecutors. Its introduction has been hair-raising for courts and lawyers alike; and although it should be operating fully next month, there is still a severe shortage of prosecutors.

In the small spa town of Harrogate, 15 miles from Leeds, there is less evidence of strain in the system. The court sits twice a week and often rises before the end of the day. On a typical Thursday, there were 29 charges against 15 people in the main courtroom. However, all was not well. The crown prosecutor had travelled 40 miles to get to court and the shortage of staff in the service means she was hopping about courts covering a large swathe of Yorkshire each week. She had been up since 4 am studying that day's cases because the police had been late and the papers had arrived only the previous evening.

One aim of the service is to save court time by not allowing cases to be sent for trial with evidence so weak or inconsistent that they are sure to be acquitted. In the dawn light she had caught two such cases in the day's list, telling the magistrates each time: "There are aspects of the evidence I am not happy with and I would not like this committal to go ahead today."

Another problem appeared subsequently. Although courts like Harrogate have plenty of time the police forces do not, and police investigation and paperwork is a serious cause of delay. As a result, an untried man was returned to jail on remand for yet another week because his complex case (involving several other defendants) was still not ready to go. "We have been promised a committal every week for four or five weeks at least," his lawyer complained.

The police were to blame for another hiatus when a minor drugs case had to be adjourned for a week despite the fact that everybody was in court ready to proceed. A pair of scales crucial to the case was not in court but locked in the police station, and all the officers with keys to the drugs cupboard were out.

However, courts like Harrogate are still generally functioning in the way demanded for the fair administration of justice. The solicitors in court thought it usually worked well enough. "It has its bad moments, but there's nothing like Leeds where I've had committal papers thrust into my hand literally as I run into court for the hearing," said one.

The ideal is to be found in tiny towns like Pateley Bridge at the head of Nidderdale in North Yorkshire. The court meets once a fortnight. Magistrates from the town of Ripon and a clerk from Harrogate have to drive across spectacular dales country to hear the local list in the tiny, neat courtroom attached to the police house. The preponderance of cases concerning animals and mooring is interspersed occasionally with charges arising from the peace camp at the US radar tracking station at nearby Menwith Hill.

It is all very friendly. Magistrates, police and defendants often know each other and drink together, hearings occasionally lapsing into first name terms. Delays are minimal and the concept of speedy justice by one's peers is nowhere more evident than here—although judicial propriety dictates that the days when a JP could call out "I know that man. He pinches my pheasants," before proceeding to hear a poaching charge, are gone forever.

The Long View

Less a crisis than a warning

Last week's outbreak of jitters, wasn't just a computer fault, says Anthony Harris. The US is addicted to debt, Japan to exporting and the UK to inflation —and all three face a painful cure

IN spite of anything you may have read, the world's stock markets did not collapse last week. Except in Tokyo they did not even fall very far. Tokyo's fall reflects its earlier excessive rise — as you were warned in this column. Wall Street, which has been very strong, started the shake-out on the strength of a false rumour that the US economy was very strong — not as irrational as it sounds, as we shall see.

As for London, its fall only looked sharp because the news headlines always concern themselves with the two narrow indices, the 30 share FT Index and the 100 share FT-SE Index. These now consistently exaggerate any change in average prices because they include the shares in which modern speculative trading is concentrated. The broad FT Actuaries Index moved only half as far as these two; and all three are well above the tops they reached in the last shake-out, only last month.

It is clear, then, that the word "jitters" is much better than the word "crisis" to describe what has happened. All the same, these jitters are becoming persistent. Both Wall Street and London have had repeated sharp falls since the spring. The reassurance is that as soon as calm returns, prices pesistently drift up. This is a pattern which tells us something not only about the underlying strength of prices, but also about the cause of the jitters.

To put it in a nutshell, prices on all the world's main stock markets are being driven by liquidity—a flood of money provided (mainly) by the addiction to borrowing of the US government and people, topped up (significantly) by consumer borrowing in Britain. Whether you believe that this piling up of debt must stop one day, causing a very uncomfortable collapse in demand, or whether you believe that it can go on, and will result in inflation, the news is not comforting.

In market terms, too, things always get jittery when prices are driven by liquidity. The persistent upward drift in prices does not reflect growing optimism, but simply a growing supply of money. Prices fall when investors think about the fundamentals, and rise when investors stop to think about something else. This is a much less comfortable pattern than the opposite, "sore tooth" pattern which occurs when money is tight—a succession of booms on good news, with prices tending to drift back in between.

On the whole most people think that the credit boom can go on. The most notable feature of the summer — apart from the nervous drift of prices — has been the reappearance of inflation fears. That is what the gold price is telling us; and it is also the reason why bond prices have been weak. The fact that there has been a genuine collapse in gilt prices has not attracted headlines similar to those about the ups and downs of equities, simply because the move has been much less dramatic. A long succession of a point or so a day, however, adds up to a big fall. American bonds have also been weak; most sinister of all, they have fallen particularly sharply when interest rates have been cut.

In other words, there are some nervous fund managers who think that the long equity boom is over and who are looking for a chance to get out with their glory intact. There are still plenty of buyers to accommodate them. In the bond market, on the other hand, holders of long dated bonds, who sell out when a fall in interest rates seems to offer the opportunity, will not be back in a hurry. Long interest rates in the English-speaking countries now seem to be rising again — a warning that the market believes that inflation will rise in due course too.

The exchange markets also have a message. The inflation will happen in the English-speaking countries, but not in the more conservatively managed German and Japanese spheres of influence. The persistent weakness of sterling and the dollar is the result of this judgment. Indeed, so far as foreign holders of American and British debt are concerned, it is just as bad as inflation, which is simply a system of creeping default by debtors. Because of the drop in the dollar and sterling these investors have already lost a great deal of their money.

However, British and American problems are not the same. The UK has an addiction to high wages and hire-purchase. It has been able to finance these vices out of North Sea oil, and the whole economy has remained solvent. Indeed, Britain has built up very large foreign investments in the last few years. The only worry for Britain, then, is: how painful will it be to break inflationary habits—or, for that matter, to give in to them?

In America, however, the addiction is national. This means that the bad experience foreign investors have already suffered could cause an outright financial crisis, and on a huge scale. If America can't stop borrowing from abroad, but nobody from abroad is prepared to lend on present terms, then the dollar could collapse in a disorderly way with a huge rise in interest rates—the disaster context forecast by Stephen Marris some years ago; sketched more recently by the influential Dr Henry Kaufman.

That is why it is quite reasonable for Wall Street to take fright at news which suggests that American consumers are borowing more heavily—or whatever—and to recover when this turns out to be a false report. That is also why rumours of booming credit and rumours of bank failure go together.

Finally, it also gives the Japanese good cause to worry, for their surplus is the counterpart of the US deficit. If the US is in trouble, so is Japan: for if American consumers do not borrow to buy their exports, who will?

• CONTENTS •

Nerves show as the gyrations continue

IT HAS been a week of remarkable volatility in an nervousness in the London equity market, dominated in turn, by fall-out from Wall Street and growing concern about the trend of UK interest rates.

That the week should have begun nervously was hardly surprising, given that the previous one had ended with prices on Wall Street going through the floor and London following suit.

After a weekend's reflection, London decided on Monday morning that the New York plunge had been overdone, and there was a good rally. But the underlying concern about Wall Street's erratic movement and the direction of the US economy, was highlighted in dramatic fashion on Tuesday morning when a rumour swept the City that BankAmerica, the troubled California bank, had approached the Federal Reserve Board for assistance. Despite strenuous denials on all sides it was enough to tip sentiment in the London market and send it crashing downwards again.

And as the week wore on, more domestic concerns came to the fore. Sterling fell below DM 3 for the first time, and its exchange rate index dipped to an all-time low, after the West German Government made clear that it intended to stand firm against American pressure for *an early cut in its interest rates.* And that in turn provoked fears that UK bank base rates might have to rise. Intervention in the bill market by the authorities yesterday signalled that the Government did not want any immediate movement by the banks which went some way to calm the market.

Even so, the yield on high coupon long-dated gilts has now climbed from 9.5 in mid-August to cross the 10 per cent barrier this week, reflecting concern about interest rate and inflation trends, and this has inevitably prompted questions as to whether equities are too expensive.

Certainly, the gyrations of the market over the past few days suggest there is little *firm upward movement in the* equities market, with the FT-SE 100 closing last night at 1600.4 compared to 1608.6 a week ago.

That said, market trading has been relatively thin, with many investors apparently holding back funds for the Trustee Savings Bank offer for sale, which will close next Wednesday massively over-subscribed.

On the takeover front, the main news of the week was the £1.4bn deal for Elders IXL, the Australian brewing, farming and trading group, to buy Courage, Britain's sixth largest brewer, from Hanson Trust.

The agreement brought to an end speculation as to whether Elders would re-launch the £1.8bn bid for Allied-Lyons, which it first unveiled nearly a year ago. The bid for Allied was stymied by a reference to the Monopolies Commission, but at the start of this month the Commission gave Mr John Elliott, Elders' tough, ebullient chairman, the green light to bid again if he so wished.

In the event Mr Elliott chose not to go for Allied—which has mounted a classic defensive campaign over the past 12 months that has gone some way to ameliorating its previous lacklustre reputation in the City.

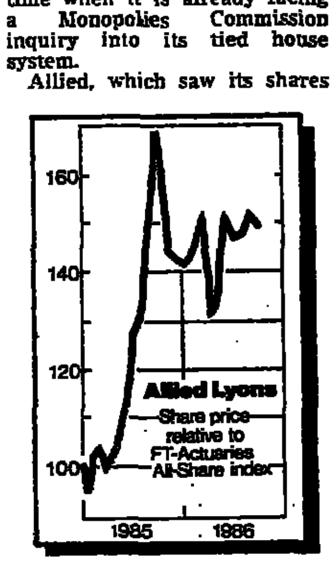
In buying Courage — which Hanson acquired in the spring

London

as part of its successful bid for Imperial Group—he has chosen both a more immediately available target and one that does not have Allied's major non-brewing interests in foods and wines and spirits. But such a "clean" purchase has not come cheap. The prospective multiple looks to be about 16, stripping out cash and free trade loans within Courage.

Nevertheless, Courage gives Mr Elliott the strong UK launch-pad he has been seeking to attack the European market. His innovative marketing and financial ideas promise to inject more vigorous competition into the UK brewing industry at a time when it is already facing a Monopolies Commission inquiry into its tied house system.

Allied, which saw its shares fall back sharply following the announcement of the Courage deal, can only breathe a little more easily. Apart from competition from Mr Elliott, the City will be seeking evidence that its new found vigour is to *be sustained. Analysts will also* be monitoring how well Allied integrates its recent purchase of a majority stake in the spirits side of Hiram Walker Resources, the Canadian company. That deal was widely regarded as in part a "poison pill" to ward off Elders, though Allied denies this.



The happiest of the protagonists is probably Lord Hanson, chairman of Hanson Trust, who has pulled off a remarkable financial coup that underscores his reputation as a player without equal in the broking of assets undervalued by the market.

Imperial Group cost him around £2.7bn, largely in Hanson paper. Courage, together with the £190m sale of Imps' hotels and restaurants to Trusthouse Forte, and the impending disposal of Golden Wonder, the crisps company, will net him about £1.7bn cash. Yet he will still retain Imperial Tobacco and Imperial Foods, and will thus have spent just £1bn for businesses which should make about £200m pre-tax.

Hanson has been equally successful in disposing of parts of SCM, the US chemicals-to-typewriter company it took over at the start of the year. It is a sobering thought that its balance sheet is now in such formidable state that by gearing up on its equity to the level of the Imperial deal, it could afford to make an acquisition in the UK of £4bn — making just a tiny handful of companies beyond its reach. However, the indications from *Lord Hanson are that the next* big purchase will be across the Atlantic.

North America also provided the answer this week to another question which had long been nagging the City: how would the Prudential, Britain's largest life assurance company, spend the bulk of the £357m rights issue money it raised earlier this year.

The Pru has been trying hard to cast off its staid, rather boring image and present itself *as a born-again financial services* conglomerate. Indeed, to this end, it hired a West End theatre this week for a series of dazzling public relations presentations to the City, shareholders and employees.

And in the middle of all this it produced something of more substance: a £405m agreed offer for Jackson National Life Insurance, one of the fastest growing US insurance companies.

Life insurance is the Pru's core business, but this is its first foray into the US market. It is buying a highly regarded company, but it is not doing so cheaply—at $51 a share, it is paying $20 over Jackson's previous market price and probably just over 17 times net *earnings this year. Any diluting* effect on the Pru's earnings will depend in part on the uncertain outcome of the planned US tax changes.

Martin Dickson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,269.1	— 1.8	1,425.9	1,094.3	Interest rate concern stifles rally
FT Govt Securities Index	84.28	— 3.46	94.51	80.39	Sterling fall/dearer money fears
Allied-Lyons	308	—25	363	252	Elders IXL not to renew its bid
Anglo American Coal	587	+62	£13	380	SA coal escapes EEC sanctions
Appledore (A. and P.)	235	+47	405	150	Revived takeover speculation
Argyle Trust	58	+7	71	31	North Oppenheim's stake speculation
Beales (J.)	182	+24	182	97	Persistent speculative demand
Belhaven Brewery	87	+18	87	38	Share stakes change hands
Bridon	137	—18	197	112	Poor interim figures
Brown Shipley	490	+30	700	410	COFI SA acquires 10 per cent stake
Bryson Oil and Gas	72	+10	79	18	Recent cash injection
Garnar Booth	196	+34	206	145	Bid from Strong and Fisher
Helical Bar	270	+20	280	56	City property development prospects
Imperial Continental Gas	487	+27	493	273	Rumours of imminent US bid
Imry Property	390	+40	425	270	Awaiting outcome of bid talks
Memec	220	—40	425	205	Lower half-year profits
Minet Holdings	229	—33	282	219	Disappointing interim results
Telemetrix	42	—14	120	43	Annual deficit and dividend omission
United Scientific	168	+21	190	117	Pilkington Bros bid hopes
Wellcome	203	+29	238	156	Anti-Aids vaccine hopes

Gamble on York's equity

EARLY in 1986 EQUITY FINANCE TRUST and the YORK MOUNT GROUP looked like archetypal USM trouble stocks. Equity Finance had lurched into losses when the falling oil price scuppered its activity as an energy sector issuing house. York Mount faced mounting borrowings and plummeting profits after a difficult year for its construction company.

Yet last week Equity Finance, now rechristened York & Equity Trust, unveiled a restructuring programme intended to turn it into a broadly-based financial services group. York Mount finalised negotiations for the first in the series of acquisitions intended to turn it into an industrial holding company.

The link between the two companies, and the catalyst for their revival, is York Trust, the corporate finance concern, which, after an intricate series of deals, has secured control of York & Equity and a substantial shareholding in York Mount.

The story begins, appropriately enough, in Yorkshire in 1983. Neil Balfour, a former merchant banker and Conservative MEP for North Yorkshire, acquired the shell company York Trust. The following summer Balfour formed a joint venture with the Yorkshire businessman, Michael Abrahams, whose interests included a controlling stake in the carpet company, Weavercraft.

York Trust embarked upon a succession of corporate finance projects, the largest of which involved the sale of Weavercraft to the textile group John Crowther. The Weavercraft acquisition, paired with the purchase of Carpets International, was the first phase of Crowther's renaissance into one of the fastest growing companies in the textile sector. After the sale York Trust retained a holding in Crowther and continued to act for it in its acquisitions. Michael Abrahams became Crowther's deputy chairman.

In May York Trust surfaced on the USM having orchestrated the reverse takeover of Equity Finance. York Trust emerged with a 26 per cent holding in the new company, York & Equity, and Neil Balfour became managing director.

The first priority was to lick the old Equity Finance business into shape: to reform its arcane dual share structure; to write down oil and gas investments; and to redirect its activities

USM
UNLISTED SECURITIES MARKET

towards financial services. Balfour was also eager to revive Equity Finance's issuing activities and to augment York Trust's corporate finance work.

One of the new company's first corporate finance projects was to orchestrate the restructuring of the York Mount Group. Although York Mount operated a profitable printing company and held a portfolio of commercial property, it had *encountered problems in its* construction division.

For the restructuring York & Equity, in conjunction with the West Yorkshire Enterprise Board, assembled a syndicate of investors to acquire a 29.9 per cent holding in York Mount. In addition York Mount raised £2m through a rights issue

Balfour now envisages transforming York Mount from a property to an industrial holding company by acquiring privately-owned commercial and industrial companies in the North East.

Meanwhile at York & Equity Balfour and Abrahams have put together a restructuring programme which will pave the way towards resurgence as a financial services group.

On Thursday York & Equity announced proposals to reform its share structure, by enfranchising non-voting shares, and to create a new senior management team. Three former Equity Finance directors—John Robertshaw, Cecil Benzecry and John *Wollams*—have resigned. Neil Balfour has become executive chairman and Michael Abrahams non-executive deputy chairman. The company also plans to change its name to York Trust.

York & Equity has reduced its holding in John Crowther, by selling £2m of its shares to Abrahams. The purchase will be financed by the placing of some of Abrahams' York & Equity shares.

Finally York & Equity announced the acquisition of the financial services interests of Richards Longstaff Holdings. When the deal is completed the value of York & Equity's funds under management will rise from £25m to £215m and it will acquire Richards Longstaff's activities as a unit trust portfolio manager, a pensions consultant and its share in a joint venture with the Scottish stockbroker, Penney Easton. York & Equity is now capitalised at around £20m.

Balfour perceives the acquisition as the first in the series of deals intended to turn it into a financial services group.

If Balfour's plans work then the USM could gain two active, acquisitive companies in York Trust and York Mount. For *shareholders, the decision* whether or not to support him is, as York & Equity's own brokers Laing & Cruickshank put it, "something of a gamble."

Alice Rawsthorn

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Barrie Invs & Fin¶	17†	16½	16½	15.34	Bestwood
Bestobell¶	528	525	498	85.03	Meggitt Hldgs
Blacks Leisure	3.6*	4	5	3.00	Sears
Bluebird Confctn	112*§	110	98	4.07	Hillsdown
Brengreen	50†	48	41½	32.56	BET
Brownlee	74*	75	64	17.7	Meyer Intl
Burmatex	237‡§§	232	240	16.62	Sirdar
Dew (George)	121‡	116	114	9.68	Allied Plant
Garnar Booth	195§ §§	196	194	18.81	Strong & Fisher
Gilbert House	15*§	15	13	4.32	Letts Green Est
Good Relations	148†	143	133	12.55	Lowe-Howard-Spink & Bell
Greenbank Group	58½	56	49	14.74	Walker (C. & W.)
Hargreaves Grp	217§ §§	242	180	77.37	Coalite Grp
HAT Group	145½	138	94	111.54	BET
Hill (Philip) Inv Tst	¶¶	312	323††	¶¶	BPCC
Lond & Midland	224	217	213	55.80	Williams Hldgs
Man Ship Canal¶	625*§	640	660	23.49	Highams
Marlborough Prop	111	101	99	20.19	Rivlin (I. D. & S.)
May & Hassell	151	145	112	14.17	Hillsdown Hldgs
Mayhew Foods¶	125	128	118††	16.97	Northern Foods
Meadow Farm Pro	305	295	275††	61.91	Hillsdown Hldgs
Ocean Transport & Trading	225*§	229	217	257.53	IEP
Prince of Wales Hotels	98‡	90	80	12.30	Goldsmiths Grp
Prop Hldg & Inv	130	127	145	102.56	Greycoat Group
PSM Intl	194§§	188	180	23.54	McKechnie Bros
Rotaflex	490*	482	483	54.19	GTE Corp
Webber Elect	110*	105	98	5.07	IMI
Wingate Prop Inv	150*	435	130†	20.68	Chase Corp

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 19/9/86. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abaco Inv	June	1,340	(657)	1.1	(0.7)	0.2	(0.14)
Alumasc	June	2,770	(2,380)	15.8	(10.5)	—	(—)
Apex Prop	Mar	511	(592)	—	(—)	—	(—)
Armour Trust	Apr	778	(420)	2.9	(1.9)	0.4	(0.2)
Armstrong Equip	June	7,900	(4,540)	13.4	(7.9)	2.75	(1.1)
Benchmark	June	1,480	(1,300)	3.0	(2.8)	1.63	(1.5)
Blanchards	June	833	(577)	9.2	(6.7)	4.5	(—)
Bris Chan Ship	Mar	358L	(121)L	—	(—)	—	(—)
CALA	June	3,110	(2,340)	85.9	(70.2)	18.5	(16.36)
Cal Offshore	June	1,340L	(16)	—	(—)	—	(—)
Cons Gold Fields	June	110,900	(114,900)	35.1	(40.8)	24.5	(24.5)
Cont Microwave	June	936	(708)	17.4	(20.3)	4.5	(4.0)
CPU Computers	June	580	(247)L	1.8	(—)	—	(—)
Dalgety	June	75,000	(72,300)	24.0	(29.7)	13.0	(12.5)
DPCE	June	4,230	(2,910)	9.0	(7.1)	1.8	(1.5)
Dom Hldgs	Mar	610	(1,260)	4.9	(9.1)	4.95	(4.95)
DSC	Mar	82L	(12)L	—	(—)	0.5	(0.5)
Excalibur	Apr	255L	(236)L	—	(—)	0.06	(0.05)
Haggas, John	June	3,230	(1,770)	10.1	(5.5)	—	(—)
Home Farm Prod	May	1,020	(803)	14.7	(11.8)	3.25	(3.25)
Lee Intl	May	6,910	(4,990)	11.1	(8.1)	1.5	(—)
Macro 4	June	2,770	(1,930)	7.9	(5.7)	0.75	(—)
Mucklow, A. & J.	June	5,370	(5,120)	7.0	(6.5)	5.4	(5.05)
Parrish, J. T.	Jan	90	(248)L	—	(—)	—	(—)
Pifco	Apr	1,270	(1,400)	22.4	(19.4)	5.76	(5.28)
Scholes, Geo H.	June	5,340	(4,940)	50.1	(45.1)	23.0	(20.0)
Strong & Fisher	June	4,470	(4,257)	—	(—)	—	(—)
Wood, S. W.	Mar	66L	(285)	—	(4.7)	—	(1.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abbot Mead Vick	June	1,060	(500)	1.5	(—)
Accord Pub	June	43	(—)	—	(—)
Addison Cons	June	2,800	(2,100)	0.8	(0.71)
Aidcom Intl	June	627	(655)	—	(—)
Antofagasta Hldgs	June	4,190	(3,040)	1.25	(1.25)
Baird, W.	June	6,300	(4,882)	5.68	(5.13)
Bank Leumi (UK)	June	600	(505)	3.9	(3.5)
Banro Ind	June	851	(562)	2.0	(1.5)
Barr & Wall.Arn	June	161	(313)	2.0	(2.0)
Barrow Hepburn	June	1,000	(935)	1.0	(1.0)
Barton Group	June	1,380	(697)	—	(—)
Bemrose	June	707	(128)L	3.0	(1.0)
Boddingtons Brew	July	5,700	(4,700)	1.47	(1.33)
Bodycote Intl	June	1,910	(1,350)	3.25	(2.5)
Boustead	June	168L	(84)L	—	(—)
Bramall, C. D.	June	2,060	(1,810)	2.6	(2.64)
Bridon	June	5,200	(7,700)	1.5	(1.5)
Brixton Estates	June	5,200	(4,630)	2.6	(2.3)
Candover Inv	June	419	(260)	2.0	(—)
Clarke, Nickolls	June	407	(—)	5.0	(4.7)
Croda Intl	June	11,800	(10,300)	3.0	(3.0)
Crowther, John	June	3,650	(1,780)	1.0	(—)
Delaney Group	June	291	(268)	0.9	(0.8)
Delta Group	June	27,200	(26,600)	2.6	(2.35)
Eaddie Hldgs	June	165	(145)	—	(—)
EIS Group	June	3,250	(2,664)	2.0	(1.85)
Evered Hldgs	June	4,300	(2,500)	1.75	(1.25)
Fisons	June	37,200	(30,100)	2.55	(2.16)
Garton Eng	June	290	(265)	1.0	(1.0)
Green, E.	June	1,160	(725)	2.8	(2.1)
Hall Eng	June	2,420	(1,890)	4.03	(3.66)
Hewitt, .	June	626	(190)	1.0	(0.4)
Huntleigh Tech	June	435	(504)	0.5	(0.5)
Iceland Frozen	June	2,160	(1,710)	2.5	(2.2)
Isle of Man St	June	1,410L	(1,830)L	—	(—)
Jones & Shipman	June	752	(770)	1.15	(1.15)
Kenning Motor	June	1,580	(438)L	—	(—)
Laporte Ind	June	28,800	(27,300)	3.8	(3.2)
Legal & General	June	28,400	(18,700)	3.25	(2.83)
Lodge Care	June	242	(209)	—	(—)
Lndn Park Hotel	June	601	(583)	3.5	(3.5)
Lyle Shipping	June	313	(4,770)	—	(—)
Cash & Carry	July	464	(271)	1.06	(—)
Mackay, Hugh	June	319	(80)	1.5	(1.4)
Manders (Hldgs	June	1,160	(829)	2.8	(2.1)
Marshall, T.	June	603	(544)	2.0	(1.8)
Matthews, B.	July	7,010	(6,280)	1.25	(0.94)
Memec	June	2,520	(3,310)	0.9	(0.88)
Metsec	June	602	(776)	1.3	(—)
Minet Hldgs	June	19,300	(18,469)	3.43	(3.43)
More O'Ferrall	June	2,052	(376)	1.3	(1.0)
Morrison, W.	Aug	9,600	(7,741)	0.4	(0.35)
Myson Group	June	6,060	(3,840)	1.52	(1.25)
Owners Abroad	June	581	(325)	—	(—)
Pavilion Leis	Apr	12	(3)	—	(—)
PE Intl	June	1,010	(610)	1.0	(—)
Perry Group	June	1,790	(1,950)	1.65	(1.65)
Pittard Group	June	1,740	(1,330)	1.12	(0.96)
Platignum	July	21	(78)	—	(—)
Ransomes Sims	June	3,450	(2,614)	1.65	(1.5)
Reckitt & Colman	June	66,530	(57,730)	6.75	(6.0)
RTZ	June	83,000	(118,000)	7.0	(7.0)
Scot Herit Tst	June	2,020	(1,340)	1.6	(1.4)
Sharna Ware	June	515L	(96)L	—	(0.9)
Simon Eng	June	10,060	(9,670)	2.7	(2.5)
Soundtracs	Apr	252	(163)	—	(—)
Sth Is Wight St	June	656	(239)	4.0	(4.0)
Stew Wrightson	June	12,170	(9,894)	4.2	(3.16)
Suter	June	6,670	(3,335)	1.4	(1.4)
Sutherland, E. T.	June	160	(698)	1.46	(1.46)
Tech for Bus	June	135	(166)	—	(—)
Trdy & Carlisle	June	318	(226)	1.9	(1.6)
Turner & Newall	June	20,800	(14,857)	2.5	(1.35)
TV Services Intl	June	450	(325)	1.2	(1.0)
T. & S. Stores	June	1,120	(704)	1.4	(1.2)
Utd Biscuits	July	47,600	(36,300)	3.5	(2.85)
Watmoughs	June	1,170	(874)	2.0	(1.7)
Wistnhime Rink	June	1,160	(752)	2.75	(2.5)
Woolworths	June	23,200	(11,800)	5.0	(3.0)
Yule Catto	June	4,930	(4,880)	3.0	(2.5)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share unless otherwise indicated. L Loss.

SCRIP ISSUE

Iceland Frozen Foods—One for one.

RIGHTS ISSUES

Banro Industries—To raise £3.3m through a one for three rights issue at 140p.
Bromsgrove Industries—To raise £2.29m through a two for five rights issue at 70p.
Platignum—To raise £0.95m through a two for five rights issue at 5p.

£51m likely for Bank of Scotland

SIR THOMAS RISK, fresh from the Guinness controversy, is likely to have the more pleasant task of announcing an increase in the interim pre-tax profits of BANK OF SCOTLAND *to £51m,* from last year's £44.7m, on Wednesday.

The impetus behind growth is likely to be the continuing increase in bank lending, but estimating the pre-tax profits figure depends on crucial assumptions about bad debt provision (£18.3m in the first half of last year) and about development costs.

No contribution can be expected from Commercial Bank of Wales, which was bought only in August, but NorthWest Securities should add more than the £8.5m it bought in last year.

Despite the acquisition of Fleet Holdings in October 1985, interim pre-tax profits at UNITED NEWSPAPERS are expected to advance only marginally to £21.5m, from last year's £19.3m, when they are announced on Thursday.

The Fleet Street/Wapping circulation war and redundancy costs at the Express will severely restrict the contribution from the Star, Daily and Sunday Express. However, both the regional newspapers division and magazines—in particular, *Morgan Grampian—will* show a healthy increase in profits. Slow growth in US advertising revenue will limit the contribution from the US division. Interest charges will be higher because of the costs of financing the Fleet acquisition.

COATS VIYELLA, formerly Vantona Viyella, has swallowed up Nottingham Manufacturing, merged with Coats Patons, changed its year-end and moved from period-end to average exchange rates since this time last year: so guessing at Wednesday's figures for the half-year to June is necessarily a hazardous venture.

The broadly-based structure of the enlarged group should have enabled it to shrug off the poor spring season reported by some UK clothing manufacturers. The unfavourable effect of exchange rate movements should be cancelled out by a reduction in the interest charge, and analysts expect overhead cost savings to have combined with a lively performance from

Results due next week

most parts of the group to produce £64m to £68m compared with a notional £58m last time.

TOOTAL, which reports on *its half-year to July on Thursday,* received an injection of new management with the appointment of Geoffrey Maddrell as managing director at the beginning of the period, but it will be too early for his arrival to have had much effect.

In fact, the City expects a dull performance for the US threads business has been suffering from poor volumes and the UK clothing side is thought to have been a victim of the unseasonable spring weather. Overall, few expect the group to turn in much above £10m compared with £9.69m last time.

In 1985-86, BARRATT DEVELOPMENTS' profits were virtually wiped out at £4.1m (down from £36m in 1983-84) and the last year has been spent repairing the damage by cutting back on volume and sharply reducing debt. For the year to June the City is confident of £20m pre-tax, but there are still doubts about just how the group's business mix is developing.

While Barratts is committed to boosting its middle-priced house range aimed at second-time buyers, this segment accounted for only 10 per cent of sales in the first half. Analysts are hoping that the company's target of selling 40 per cent of its houses in the higher priced range has been met.

HAWKER SIDDELEY has *been spending its £150m* cash pile in dribs and drabs while looking around for something more exciting, and the City is hoping that Sir Peter Baxendell, the chairman, might have more to say about this when the interim results are announced on Monday.

Expectations are for £81m which compares with £71.5m in the first half of 1985. Onan Corporation, the US associate, should be back in the black, helping the diesels division to recover some of last year's fall. Electrical engineering should be growing well although Fasco might not be able to repeat 1985's growth rate and acquisitions *should contribute* £3m above interest costs.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
American Electronic Components	Monday	0.35	0.525	—
Barratt Developments	Wednesday	2.31	5.31	2.31
Casket, S. (Holdings)	Friday	0.8	1.4	0.8
Chambers and Fargus	Monday	—	—	—
Datron International	Monday	—	—	—
Ferry Pickering	Thursday	1.0	1.72727	1.4
Kalamazoo	Thursday	0.5	1.5	—
Land Investors	Wednesday	0.3	0.3	0.3
Logica	Wednesday	0.35	—	—
MAI	Thursday	4.0	12.0	4.0
Manevale Moore	Monday	—	—	1.0
Murray Ventures	Tuesday	1.5	4.0	2.5
Parker Knoll	Monday	3.0	6.5	4.0
Raglan Property Trust	Tuesday	—	0.085	—
Raine Industries	Thursday	0.2	0.55	0.22
Ramar Textiles	Thursday	—	1.65	—
Space Planning Services	Tuesday	—	—	—
Spong Holdings	Monday	—	—	0.1
Trafford Park Estates	Wednesday	3.75	7.75	4.0
INTERIM DIVIDENDS				
Aberdeen Construction Group	Thursday	2.3	5.7	
Albany Investment Trust	Wednesday	0.5	1.26	
Anglo Eastern Plantations	Tuesday	—	—	
Associated Book Publishers	Wednesday	2.1	3.6	
Astbury and Madeley	Thursday	1.125	3.37333	
Baillie Gifford Technology	Wednesday	—	1.5	
Bank of Scotland	Wednesday	6.25	—	
Barker, Charles	Wednesday	—	—	
Beatson Clark	Monday	3.3	4.2	
Beauford Group	Wednesday	0.875	1.75	
Bentalls	Thursday	0.4	1.9	
Betec	Wednesday	0.5	1.3	
Biomechanics International	Wednesday	—	—	
Bluebird Toys	Tuesday	—	3.5	
Brown Boveri Kent	Thursday	1.0	2.0	
Cakebread Robey	Wednesday	0.8	2.5	
Canning, W.	Monday	1.15	2.4	
Centreway Industries	Thursday	—	—	
Clyde Petroleum	Tuesday	—	1.5	
Coats Viyella	Wednesday	4.0	8.0	
Combined English Stores	Thursday	2.45	4.26	
Connells Estate Agents	Wednesday	1.0	3.2	
Deblor Holdings	Tuesday	—	—	
Edmond Holdings	Wednesday	—	0.2	
Eucalyptus Pulp Mills	Thursday	3.5	4.97	
Finlay Packaging	Thursday	0.75	2.5	
Fleming Universal Investment Trust	Wednesday	0.66667	1.3333	
Folkes Group	Tuesday	0.35	1.05	
Freemans	Monday	2.3	4.7	
Hawker Siddeley	Monday	4.5	10.0	
Hewtel Whiting	Wednesday	1.5	7.0	
Invergordon Distillers	Tuesday	1.5	3.25	
Jacks, William	Monday	0.5	0.6	
Johnson and Jorgenson Packaging	Tuesday	1.25	2.85	
Jove Investment Trust	Wednesday	2.5	2.85	
Juliana's Holdings	Wednesday	0.875	1.243	
Liberty	Friday	1.8	6.0	
London and Scottish Marine Oil	Tuesday	4.5	7.7	
Macallan-Glenlivet	Tuesday	1.0	2.34	
Martin Currie Pacific Trust	Thursday	—	0.55	
Morgan Crucible	Monday	3.9	4.6	
Morris, William Fine Arts	Wednesday	—	—	
Moss Bros.	Wednesday	1.72	4.03	
Octopus Publishing Group	Tuesday	2.16	4.59	
Office and Electronic Machines	Thursday	3.0	5.5	
Pantherella	Monday	1.6	2.2	
Patrocon	Friday	2.0	4.0	
RMC	Thursday	4.6	9.4	
Sandhurst Marketing	Thursday	0.389	0.853	
Scott and Robertson	Tuesday	0.9	1.8	
Spring Ram Corporation	Monday	0.3026	0.605	
Steetley	Tuesday	5.0	8.0	
Sindall, William	Thursday	3.0	9.0	
Sunlight Services Group	Friday	1.55	7.45	
Superdrug Stores	Thursday	2.0	3.0	
Tarmac	Monday	2.2	7.2	
Tharals	Thursday	2.0	8.0	
Tozer Kemsley and Millbourn	Wednesday	—	—	
Tootal	Thursday	1.5	2.5	
Travis and Arnold	Monday	1.95	6.57	
United Newspapers	Thursday	6.0	10.0	
Whatman Reeve Angel	Thursday	0.82	1.63	

** Dividends are shown net pence per share and are adjusted for any intervening scrip issue.*

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.56	6.72	5.21	3.79	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	8.00	8.16	6.32	4.60	half yearly	1	500-24,999	90
90-day	8.25	8.42	6.52	4.74	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	6.81	6.93	5.37	3.90	half yearly	1	2,500 minimum	0
Schroder Wagg	6.54	6.74	5.22	3.80	monthly	1	2,500 minimum	0
Provincial Trust	7.48	7.74	6.00	4.36	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	10.10	7.81	6.55	5.37	half yearly	4	—	0
10pc Treasury 1990	10.66	7.72	6.10	4.58	half yearly	4	—	0
10.25pc Exchequer 1995	10.73	7.70	6.04	4.48	half yearly	4	—	0
3pc Treasury 1987	8.33	7.44	6.94	6.48	half yearly	4	—	0
3pc Treasury 1989	8.29	7.35	6.83	6.35	half yearly	4	—	0
Index-linked 1990¶	7.89	7.26	6.91	6.59	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Low-flying airlines

AFTER THE previous week's bloodbath, Wall Street has been trying to pick up the pieces this week. Traders took some comfort in the fact that share prices did not continue their freefall but the mood on the Street remained very nervous as analysts tried to pinpoint the reasons for the market's sharp decline.

Given the volatility in share prices in recent weeks the approach of yesterday's so-called "triple witching hour," when September stock-index futures, options and individual stock options simultaneously expire, has been treated with unusual reverence by the more superstitious traders. Investors have been sitting on the sidelines and trading volume has averaged around 140m shares, or $5bn a day, compared with the 240m shares a day being traded at the end of last week.

The technical debate about the role of computer program trading and arbitrageurs in the recent sharp market decline continued this week Alan "Ace" Greenberg, the chief executive of Bear Stearns and one of Wall Street's better-known "Swashbucklers," used the occasion of his company's first annual meting last Monday to describe suggestions that the market's recent fall could be blamed on programme trading as "ridiculous."

The fact that share prices have been falling on overseas stock exchanges and on the American Stock Exchange and the over-the-counter market, where programme trading plays little or no role, has not gone unnoticed by analysts, who are looking for more fundamental reasons for the stock market's recent performance.

The continued weakness of the dollar, which fell below DM 2 on Thursday, combined with signs that the West Germans are not going to bow to US pressure to cut their interest

Wall Street

rates, have left the credit markets in a nervous mood, and by early yesterday morning US Government long bonds were yielding over 7.8 per cent—a rise of 60 basis points in a month.

With less than a fortnight to go before the end of the third quarter, analysts are now estimating that the economy is crawling ahead at an annual growth rate of between 1.5 and 2.0 per cent in the current quarter, compared with the 0.6 per cent in the second quarter.

Against this background the main action on Wall Street over the past week has focused on takeovers and potential takeover targets. The week started with the news that Texas Air, the fast-growing cut-price airline headed by Frank Lorenzo, had come to the rescue of People Express, the struggling carrier run by Don Burr, a former colleague of Lorenzo. People Express shareholders will get $4 a share for their stock, which has traded as high as $15 over the past year but has been falling in recent weeks.

Texas Air shares, which are quoted on the American Stock Exchange and have flown between $40 and $14 over the past 12 months, have firmed on the news, and by Thursday evening were trading at just under $30. The group's bid to take over Eastern Air Lines, another struggling giant, has been tentatively approved by the US authorities, and assuming that the People Express deal goes through, Texas Air will be the biggest carrier in the US.

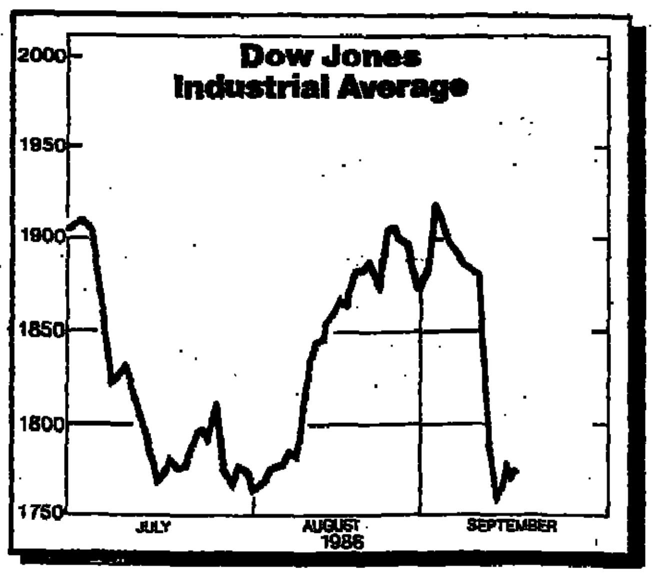
Among the other takeovers this week, a little-known group of investors has offered to inject up to $250m in Western Union, the struggling communications group, in return for board control. The shares of Western Union, which is having difficulty getting its creditors to agree to its refinancing plans, have risen on the news and are now standing at $4¾. Meanwhile, Viacom International, a much healthier company in the broadcasting arena, announced plans to go private through a $1.7bn management buy-out.

Much of the fun on Wall Street this week has been centred on two much bigger and more revered takeover targets: USX Corporation (nee US Steel), and Bank of America. For weeks USX has been surrounded by takeover rumours after Robert Holmes à Court, the Australian investor, began buying shares. However, the rumours have escalated this week that Carl Icahn and Irwin Jacobs, two of America's most feared corporate raiders, have also been buying shares. USX shares, which touched a low of ¼ earlier this year, have been rising steadily in very heavy trading, and yesterday morning saw yet another huge 2m block of shares change hands at $24¼.

Meanwhile rumours about Bank of America continue to swirl around the financial markets. Its shares fell as low as $9½ at one stage on Thursday, before recovering. By yesterday morning they were back to $11⅞.

MONDAY	1767.58	+ 8.86
TUESDAY	1778.54	+10.96
WEDNESDAY	1769.40	− 9.14
THURSDAY	1774.18	+ 4.78

William Hall

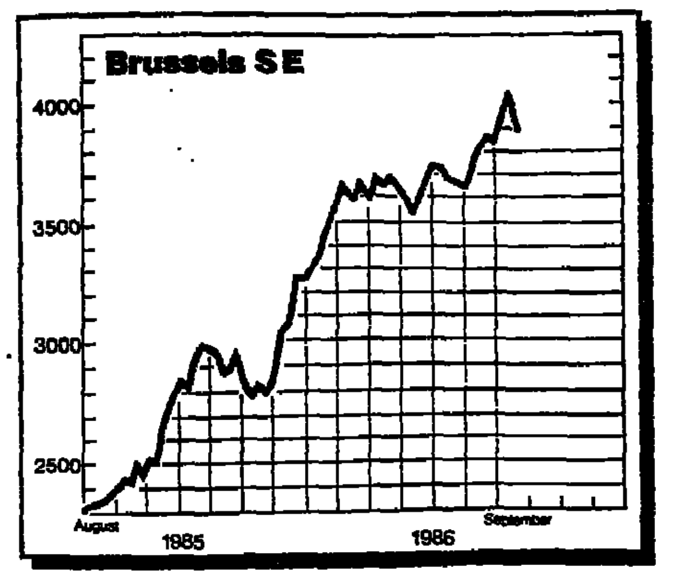


Uneasy mood stays

THE EVENTS of the past 10 days demonstrate clearly how the Brussels Bourse—in common with other Continental stock exchanges cannot ignore financial developments elsewhere in the world, notably in the US and Japan.

After a chirpy start in September, the Brussels Stock Exchange Index responded to Wall Street's recent spectacular collapse by itself plunging 100 points to 3,894 last Friday. It picked up some of the lost ground on Monday and Tuesday but, inevitably, unease about the direction of international interest rates and uncertainty in North America and the Far East returned on Wednesday and Thursday, with the result that prices again drifted lower.

If international factors are clouding the outlook from Brussels at the moment, domestic considerations have nevertheless played an important part in the steady advance of the Belgian stock market so far in 1986 (most of the indices show a rise of around 30 per cent since the beginning of the year).



The re-election of the centre-right coalition of Wilfred Martens last October—somewhat against the odds — was greeted enthusiastically at the time by investors, and the Prime Minister has since continued to convince the market that his austere recipe of budget cuts will eventually restore the health of the Belgian economy.

His ambitious package of almost BFr 200bn of cuts—the so-called Val Duchesse plan—was successfully concluded earlier in the summer; and while the negotiations were accompanied by widespread social disruption, the absence of further strikes this month suggests to many that the medicine has been grudgingly accepted by those opposed.

Foreign investors in Belgium tend to stick to a relatively small number of publicly quoted companies. The Stock Exchange, after all, is comparatively very small, with 90 per cent of the capitalisation of the Bourse represented by just 50 stocks (of which only 10 to 15 could be said to be truly liquid by international standards). Trading can sometimes be thin, even in some of the better known names such as Bekaert, the steel and wire products manufacturer.

The major Belgian holding companies — Groupe Bruxelles Lambert (GBL), Societe Generale de Belgique, Cobepa and Sofina, for example—are among the most actively traded equities. Established in many cases in their present form during the 1830s, when the Belgian banks were required to regroup their industrial interests into separate holding companies, they are a particularly Belgian phenomenon and offer investors a wide spread of different activities. Indeed as one Brussels stockbroker points out, an investment in Societe Generale, a vastly powerful institution with a finger in just about every significant pie, is effectively an investment in Belgium itself.

With the former EEC Industry Commissioner, Viscount Etienne Davignon, now a director, "Soc Gen" under its new

Belgium

management is trying to shake off a somewhat fusty image (it has often been called the Old Lady) and has been trying to redirect its assets into areas of high growth.

Petrofina, Belgium's biggest company (which on its own accounts for a 10-15 per cent slice of the capitalisation of the Bourse) had until this week come back a little into fashion on hopes that the crude oil price might be bottoming out. The big retailer GB Inno BM, and the chemical/pharmaceutical concern UCB, have also attracted support from international investors looking for underpriced opportunities in those sectors.

Brussels is distinguished, if that is the right word, by an almost complete lack of high technology stocks. Only Telindus, a high flying manufacturer of modems which came to the second marche (for junior stock market) more than a year ago, has made a significant mark in this sector.

Where, then, does the stock market go from here? By the middle of this week, the pessimists who feel that the present round of international interest rate cuts has come to an end appeared to have the upper hand. But Andre Beier, of Brussels stockbroker De Waay, is optimistic and sees the present weakness as a selective buying opportunity although he admits that the market might not move ahead again for some weeks).

Tim Dickson

Industrial profits rescue RTZ

SHAREHOLDERS in Rio Tinto-Zinc can be thankful that the group has been hedging its bets with its diversification policies in recent years. For while profits from one of its investments outside metal mining—North Sea oil and gas—have slumped this year, profits from the other — industrials — have continued to grow.

RTZ this week reported net attributable profits of £83m for the first half of 1986—a fall of 29 per cent. The decline would have been even worse had it not been for a 16 per cent increase in industrial profits, including a healthy contribution from the growing chemicals businesses. As if to bring the point home the group announced the £30m acquisition of ABM Chemicals, a British company, which takes its spending on speciality chemicals and minerals to more than £215m.

The reasons for the fall in profits were not hard to find. Attributable profits from metals fell 40 per cent to £29m, partly as a result of the depreciation of the Australian dollar which hit Australian profits. Equally seriously, CRA suffered from the strike at Broken Hill and Hamersley from a decline in iron ore prices.

Energy profits meanwhile fell 58 per cent to £19m, hit by the decline in oil prices and by an apparently temporary slippage in deliveries from Rossing Uranium.

Sir Alastair Frame, chairman, said he hoped for better things to come in the second half. Certainly, he can look forward to an immediate improvement at CRA following the end of the Broken Hill strike and a cut in working costs there. In addition, CRA's new chief executive, John Ralph, who took over when Sir Roderick Carnegie resigned earlier this year, can be expected to play close attention to costs elsewhere in the group. But to some extent CRA (and so RTZ) will continue to be at the mercy of Australia's economy, its trade unions and its currency.

Meanwhile, RTZ is looking for the silver lining in the energy cloud. It wants to find the acquisitions which it says were too expensive when oil prices were higher. But Derek Birkin, chief executive, says there are no firesales around yet.

The expansion of the industrial interests clearly has a

Mining

higher priority. So pleased is the company with chemicals that it is turning this business into a new division which is next year expected to have a £450m turnover.

Nevertheless, the company is having a hard time convincing the City that it is anything but a mining stock. Broker L. Messel tracked the company's share price against different variables, including oil price and the stock market's industrial and chemical sectors. But it found the best correlation with the CRA share price expressed in sterling.

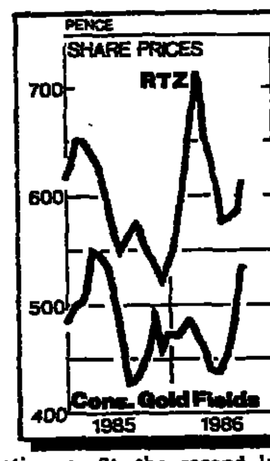
For the record, stockbrokers are expecting the company to make £190m to £200m for the year, with possibly a small increase in the dividend. The interim was left unchanged at 7p net.

This time last year, Rudolph Agnew, chairman of CONSOLIDATED GOLD FIELDS, said he could see sunny uplands ahead. Twelve months later, the company is still on the same plateau of profits and dividends across which it has been marching for the past few years. Pre-tax profits for the year to the end of June were down slightly at £110.9m (£114.9m).

One-off factors were partly to blame—1985-86 profits included a substantial property sale and a much larger contribution from the US industrial interests which were sold off during 1985-86. But a more serious element in the results was an £8.8m fall in South African gold mining profits to £55.4m, due to the decline in the rand. This is the financial price the company has to pay for investors' concern about the political future of South Africa. There is no sign of a recovery in the rand in sight, but the appreciation in the dollar gold price since the company's year-end should give it a considerable boost in 1986-87.

Outside South Africa, Gold Fields' mining interests are showing some of their potential. Profits from NEWMONT MINING and from RENISON GOLDFIELDS were well up, although both companies benefited from one-off sale profits. Gold Fields' US gold interests look even more promising after these results — MESQUITE made its first contribution, ORTIZ returned to profit, and CHIMNEY CREEK is expected to come on stream in 1988.

The ARC aggregates businesses on both sides of the Atlantic strongly increased its profits, making a combined contribution of £65.5m to operating profit, the second largest element after South African gold mines.



However, there can be few investors who buy Gold Fields for its grit. They buy it for its gold, and they will continue to be crucially influenced by political events in South Africa. On that basis, it is certainly a stock for the short-term trader; but the long-term investor might look elsewhere.

Stefan Wagstyl

• FINANCE & THE FAMILY •

Alice Rawsthorn eyes the field in the fund managers' derby

Grand prix investing

ON WEDNESDAY the Great Investment Race will begin. Six teams of top stockbrokers and fund managers will put their investment skills to the test by seeing which can raise most money for charity by managing an investment portfolio worth £35,000, for a year.

The teams are drawn from many different strands of the finance industry — from a Japanese securities house to an insurance company. They have accordingly opted for very different investment strategies.

Bell Lawrie, the Scottish stockbroker, proposes to adopt a cautious approach to the Race with its team of three: Derek McIntosh, managing director; Alan Henderson, director in charge of managed portfolios; and Frank Malcolm, director responsible for overall investment.

"We intend to manage the portfolio as we would any growth portfolio for a private client," says Derek McIntosh. "I suspect that most of the houses will choose active policies, but we expect the market to be very volatile over the next year and will be less aggressive.

"From time to time we will hold gilts, but largely the portfolio will be a mix of UK and overseas equities. Overseas we will invest in the US through individual companies and in the Far East through funds. This should give us an appropriate spread of investment."

By contrast Fidelity Investment Services, the unit trust group, is taking the riskiest route possible through a strategy of "opportunistic" investment.

The Fidelity team—Anthony Bolton, investment director, Gary Lowe, US fund manager, Peter Pleydell Bouverie, portfolio manager, and Michael Wrobel, UK fund manager—will adopt the company's strategy of "stock picking" by opting for individual companies rather than for specific markets.

"We will manage the portfolio fairly aggressively," says Anthony Bolton. "It will not be widely diversified but will make active investments in individual stocks. We may even go liquid from time to time until suitable opportunities arise."

Hoare Govett, the London stockbroker, is opting for the best of both worlds by combining high risk in part of its portfolio with more stable growth in the rest. Its portfolio will be managed by Bryan Baughan, chief executive of financial services: Peter Meinertzhagen, director in charge of UK equities: Roger Nightingale, chief economist; Roy Burns a director on the equity desk; and Peter Clark, assistant director of financial services.

"We want to combine short-term risk with long-term growth," says Peter Clark. "Most of the portfolio will go into UK equities; some traded in the short term, the rest held in quality stocks for the long term. The balance will go into equities in one overseas market, probably one of the smaller Far Eastern markets. If the London market suffers, then we will transfer a larger part of the portfolio overseas.

The Great Investment Race

Like Fidelity, the London stockbroker L. Messel has chosen the opportunistic route. "We are dealing with a very small sum of money and there can be no question of having a balanced portfolio," says David Hunter, Messel's managing director.

"We believe it will be a year of violent fluctuations and we expect to be in a position to take advantage of them. A year is too short a time to adopt a long-term investment strategy, so we will look for opportunities and jump on them, moving in and out of high risk situations. If someone had lent us them money for long-term growth we would adopt a completely different policy."

David Hunter will be joined on the Messel team by Sue Blacker, head of European technology research; Geoffrey Chamberlain, head of options retailing; Michael Del Mar, an institutional salesman; and Peter Jones, head of research.

Nomura International, the Japanese securities house, has opted to play on familiar territory by concentrating its investment on the Tokyo stock market. The Nomura team will be composed of Kenichi Fukuhara, executive director, and Fusao Ishii, company secretary of Nomura in London.

"In the initial stages we will invest aggressively to build up the portfolio," says Kenichi Fukuhara. "Once the original sum has been increased we will adopt a less risky approach.

"Most of our investment will be in Japanese equities. As a company we are more familiar with the Tokyo markets, and although the stock market may be volatile at the moment there are lots of opportunities to exploit. But we will also use convertible bonds and warrants and the Japanese futures market through the Nikkei Index."

The Prudential is not only sponsoring the Great Investment Race but is entering too. Trevor Pullen, UK equity director, and Ted Williams, senior fund manager, will administer the Pru's portfolio.

"What we will try to do is to use a fairly aggressive investment policy of choosing a limited number of stocks, possibly only one stock at a time," says Trevor Pullen. "We will be using a variety of instruments. Futures, for example, are cheap to deal in and offer a good rate of return if you think the market is going to fall.

"Occasionally we will move into the new issues market, sometimes the secondary market. By using stock futures we need only put down a small amount of money, so we can use our skills in the rest of the market. And we will not be afraid to stay in cash if the market looks dodgy."

The Great Investment Race will begin at the Pru's headquarters in London at noon on Wednesday. Brian Corby, chief executive of the advertising agency Lowe Howard-Spink and Bell and chairman of Charity Projects, the Race's organisers, will fire the starting pistols.

The six teams will then begin to manage their £35,000 investment portfolios. The winning team will be the one with the highest-value portfolio at the end of a year.

None of the teams would be drawn on how much money they expected to make, either individually or collectively, from the Race. The Pru has, however, organised a sweepstake in which employees try to guess how much will be raised. The proceeds of the sweepstake will go, like the profits of the Race, to Charity Projects for donation to charity.

FT readers can follow progress through our regular reports and will have the chance to take part in a race of their own, the FT Readers Race, which will run alongside the Great Investment Race.

Saving up for school fees

Eric Short with more guidance for parents wishing to put money aside to pay for their children's schooling

PREVIOUS articles in this series have stressed the financial burden of private education. School fees are high and are likely to climb at a rate faster than inflation. The aim of this series is to advise parents on how to cope with this as it arises.

The most effective means is to save in advance to meet the bills, using the wide variety of savings plans now available to investors. It is self-evident that the earlier parents start to save, the lighter the eventual burden. However this presupposes two conditions. First, that parents have decided upon private education for their children well before the children start school. Although school fee specialists report enquiries for savings plans even before a child is born, their general experience is that parents make the decision quite late on in the child's life.

The second conditions is that parents can save towards school fees. The years after a child is born tend to coincide with maximum pressure on family finances. There are mortgage repayments to meet, and the mother is often tied to the home, either not earning or earning less, in part-time employment. If there is more than one child, and their ages are close together, the situation is made more difficult.

This leads to an important consideration: when planning the savings strategy, do not aim too high.

The planning exercise should be intended to ease rather than lift the burden — savers must decide on the amount the family can afford to save out of the family income.

Any savings plan should be flexible and reviewed frequently to adjust to changing circumstances — at least every two years. Families may find they can increase the amount put aside, or may find the sacrifice too high and reduce their commitment.

Parents have a wide choice of savings schemes ranging from National Savings and building society deposits to life contracts and unit trusts. However, certain principles need to be understood.

Life assurance and unit trusts are essentially long term investment contracts. The heavy front-end loadings make life assurance contracts unsuitable for periods of less than seven years, while unit trusts should be held for at least three years. Savings for shorter periods should be put into National Savings or building societies.

Since school fees savings are for a specific purpose over a known period, parents can go into savings schemes which, while providing higher returns effectively lock the money away.

Advice from a specialist is desirable, but parents should take the trouble both to understand the particular savings plan on offer and take the trouble to discuss it thoroughly with their advisers. A "package" saving plan may avoid hassles but could provide a lower return.

Parents should always remember that fees rise with inflation, so a savings meduim that rises similarly, such as an equity-based investment, is desirable.

For this reason some specialists advise their clients to invest in unit-linked life savings plans, based on equity funds because, overall, they will give higher returns than other forms of investment. However, there are problems in deciding the amount of income to put aside.

Unit-linked life companies project future benefits on their contracts at a very conservative rate of interest—usually 7.5 per cent. This approach is admirable for showing the investor a conservative estimate of the return on his policy for a predetermined level of monthly savings. Invariably the investor will end up with a much higher cash sum than illustrated and everyone is satisfied.

Many parents saving towards school fees have a pre-determined target and need to know the amount they should save each month to reach this target. Overshooting it means they will have made unduly high financial sacrifices. In this case, one could use a more realistic rate of return rather than a conservative one, so that the monthly outlay is not too high.

However, such investments also tend to be volatile: parents run the risk of having to cash-in to meet school bills at a period when the equity market is depressed.

So if parents are using such investment plans they need to keep them constantly under review, prepared to switch into deposit funds as the time to pay the bills comes near. That is why many specialists still prefer the traditional with-profit endowment as the most suitable compromise between high returns and stability.

School fee specialists have thought hard about methods of saving to meet the requirements of their clients. At the outset many people can only set aside comparatively small amounts, but expect to be able to increase their commitment. A variety of low-start schemes have been devised accordingly.

The table shows two examples of school fee savings—a low start and a level savings scheme. But these are by no means the only ways of planning to cope with school fees.

SAVINGS PLAN

● **Male, aged 34 with five years' fees to meet, starting September 1986. Current fees £1,500 a term, expected to rise 5 per cent annually**

Cost of meeting half anticipated fees by taking out five with-profit endowment assurances maturing in successive years

MONTHLY PREMIUMS	£
10-year contract	13.74
11-year contract	12.17
12-year contract	10.89
13-year contract	9.98
14-year contract	9.28

TOTAL MONTHLY OUTLAY

Years	£
1-10	56.06
11	42.32
12	30.15
13	19.26
14	9.28
15	—

Year	BENEFITS* £	FEES TARGET £
10	—	—
11	3,804	3,666
12	4,002	3,849
13	4,200	4,041
14	4,416	4,242
15	4,641	4,455

* Policy payments assume maintenance of current bonus rates.

For a low start scheme, the parent takes out as many of the five contracts as he can afford, starting with the 10-year contract. He also takes out convertible term assurance for a monthly premium of £3.10 and on each anniversary he decides whether to convert part of the term policy into one or more of the remaining contracts.

IN THE NEWS

THE CLEARING banks are lining up to offer customers a stockbroking service after the Big Bang on October 27. Following in the footsteps of Barclays and the Midland, Lloyds Bank this week announced that its new Sharedeal service, which will enable investors to buy and sell shares at a fixed rate of commission, will be available at all of its 2,300 branches nationwide.

Investors will pay a broker's commission of 1.5 per cent on buying and selling equities and 0.5 per cent for dealing in gilts, subject to a minimum charge of £10 and a maximum charge of £100. In addition, there will be a bank handling fee on a sliding scale ranging up to £5.

Lloyds claims that its new service will be both simpler and in many cases cheaper.

Sharedeal customers will also be able to open an instant access high interest cheque account, with no minimum deposit and an associated overdraft facility, for share dealing and receiving dividends.

●

IN THEIR continuing battle to woo back investors, building societies are offering ever-better returns. This week, Nationwide has added a new top tier to its Bonusbuilder instant access account so that it now pays 8.0 per cent net CAR on balances of £25,000 and over. Previously its top rate was 7.75 per cent, payable on balances of £10,000 and over.

However, the Skipton has moved in the opposite direction, lowering the threshold at which it pays its top return of 8.30 per cent net CAR—which beats that of the Nationwide and other major societies — to £10,000 from £25,000. Previously, investors with balances of between £10,000 and £25,000 earned 8.10 per cent.

Abbey National, meanwhile, has added a further refinement to its Gold-Edged Bondshare. Launched in July, Abbey first reduced the minimum investment from £25,000 to £10,000 and is now offering a monthly income option. This offers a guaranteed rate over two years of 3.00 per cent above the variable share rate, currently 5.25 per cent.

Investors who opt for annual interest payment are guaranteed a premium of 3.25 per cent above the ordinary share rate. However, investors should note that, at the present share rate, this gives a return of 8.50 per cent. This can be bettered by other societies' medium term notice accounts and by some instant access accounts.

●

INVESTORS really are spoilt for choice when it comes to unit trust investment. Hardly a week passes without at least one new trust coming onto the market and the past week is no exception. Legal and General Unit Trust Managers, the unit trust arm of Britain's second largest life company, is offering three new trusts, bringing the total number to 12.

You might question the timing of launching a Japanese Trust when the growing strength of the yen is forcing down equity prices. However, with the International Bond Trust, L and G aims to take advantage of continuing high interest rate levels worldwide by investing in the world's fixed interest markets.

The third new trust is the Managed Fund — the latest trend in unit trusts. But this is not a fund of funds as L and G will be investing directly in the securities, not in other unit trusts.

●

In launching the funds, John Tickle, L and G's unit trust investment manager, referred to the impressive track record of others in the stable — in particular, its Far Eastern Trust, its North American Trust and its Gilt Trust. This should auger well for these new funds, except for some doubts over the timing.

Richard Thornton, of Thornton Unit Managers, has little doubt that the performance of many major markets has led to over-optimism, particularly in Japan where the market is overvalued and where the present fall could continue in the short term. He launched a conservative Oriental Income Trust, aimed at providing a higher income level than is normally associated with Far Eastern markets and capital growth commensurate with a prudent level of risk.

He aims to achieve this by investing in the Japanese bond markets as well as in other Far Eastern markets. The income yield of 3 per cent will come from the holdings in Samurai and Euro-Yen bonds — over 50 per cent — while growth will come from high yield equities in Hong Kong and other markets

• FINANCE & THE FAMILY •

Margaret Hughes on savings-related share schemes

Options pay rich rewards

THE FIRST of the savings related share option schemes, launched after the tax concessions granted under the 1980 Finance Act, are now reaching the stage when investors can exercise their option to buy shares in the company where they work at a fixed preferential price. The first such schemes were launched in 1981. Given the buoyancy of the stock market during this period, employees who invested in this way five years ago can now look forward to rich rewards.

Under these schemes employees save anything between £10 and £100 a month in multiples of £1 over five years. The chosen amount is deducted automatically from their salary or wage packet and invested in either a National Savings or building society SAYE account. Most of the 553 schemes in operation are tied to building society savings schemes. Investors receive no interest during the period, but at the end of five years they are paid a bonus equivalent to 14 months' payments into the scheme, which is free of tax. This is equivalent to an annual interest rate of 8.3 per cent.

The bonus rates are fixed by the Treasury with the aim of keeping these broadly in line with market rates. They were last changed in October 1983. Previously they were higher—the equivalent of 18 months worth of contributions—in line with the then prevailing market rates. If, at the outset of the scheme an employee decides to leave his or her savings in the scheme—without further contributions—for a further two years, then the bonus is doubled to 28 months' contributions: equivalent to an annual return of 8.6 per cent.

Though investors can obtain better returns on other savings products, the rates on these schemes are guaranteed throughout the life of the contract and, as with any SAYE scheme, they are tax free; especially attractive to higher rate tax payers.

At the end of the five-year period an investor can simply withdraw all the invested capital plus bonus earned. Alternatively the funds can be used to buy shares in the employer company at a rate which is fixed at the outset of the savings period, and usually at a preferential rate. (Legislation allows companies to offer their shares to employees at a discount of up to 10 per cent.)

Among building societies, prime movers in the share option market have been, predictably, the major societies: the Halifax with 282 schemes; the Abbey National with 130; the Nationwide and the Leeds Permanent with about 100. But another society which has been particularly active is the Yorkshire, which has 57 schemes in operation.

One of the first of these, set up in conjunction with the Manchester based Refuge Assurance Company, has just matured. Over 100 employees who joined the scheme five years ago and took up the option to buy shares in the company at the option price of £1.60 have just made a gain of 534 per cent.

According to the Yorkshire (which seems to be the only society able to make such a comparison), this is the equivalent of an annual return on savings of 62.35 per cent. (The original option price was £1.96, but this was reduced to 98 pence in 1982 when Refuge had a one-for-one bonus share issue.)

This means that an employee who chose to save the minimum monthly contribution of £10 a month paid only £600, plus the five-year bonus of £130, for 795 shares which at the end of the five years were worth £3,203.85, following a rise in the share price to £4.03. Employees of Allied Textiles, whose scheme with the Yorkshire matured in April of this year, made a gain of 792 per cent—equivalent to an annual return on savings of 77 per cent on their savings.

As John Myles, Yorkshire's Manchester District manager puts it, it has been a case of "Heads you win, tails you can't lose." If the share price goes up employees can buy shares at a very good price, and if they drop they can let their share option lapse and take out their savings, plus bonus.

There have been even more spectacular returns for employees of some big companies and multinationals. For example Tesco's share option scheme, launched in 1981 in conjunction with the Abbey National, will mature later this year. An employee who invested £50 a month when the share option price was 48 pence is sitting on a potential gain of as much as 1032 per cent — £31,000 on the current market price of just over £4, (assuming that the share price does not drop sharply between now and maturity). Similarly, an ICI employee who set aside £50 each month stands to make a gain of 407 per cent or £13,000.

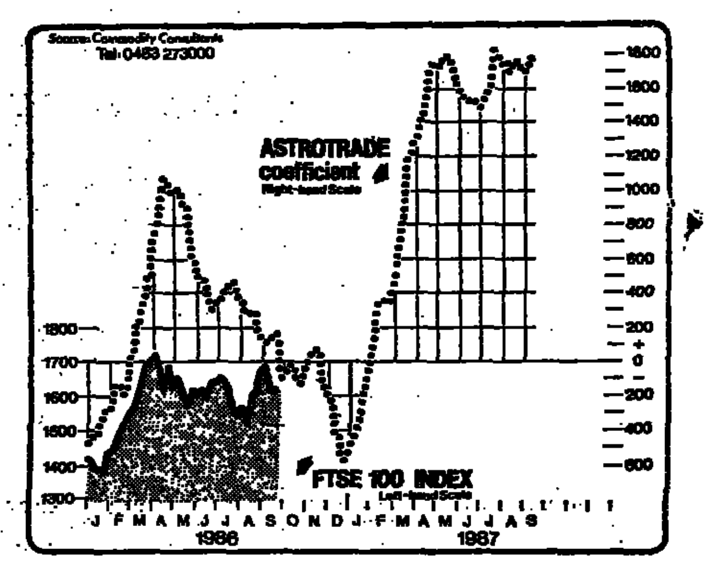
The most spectacular return on any scheme operated in conjunction with the Halifax building society is Booker McConnell's, where employees investing £50 a month made as much as £23,544 profit, buying at the share option price of 55p. The market price was £3.50 as its first scheme matured earlier this year. This represents a gain of 784 per cent. BP employees made over £9,056, representing a gain of 302 per cent. The share option price in 1981 was £2.76p compared with a market price of £6.76 when its first scheme matured.

Such are the bumper returns to be made by those who entered the schemes when they were first introduced, and who opted for the five year term. Whether those who opted for the seven year term, and others who started contributing to schemes more recently do as well will, of course, depend on the future performance of the stock market.

Generally speaking, if the market price at maturity is above the option price the option should be exercised even if the appreciation is not very great. Employees then have the choice of selling the shares if they need the cash immediately, or of hanging on until the share price moves higher. When the shares are sold they are taxed as capital gains at 30 per cent—rather than income, when they would be taxed at anything up to the top marginal rate of 60 per cent.

Storms ahead

THE present weakness of the stock market is likely to continue until the end of the year, but 1987 will prove to be very bullish indeed. That is the prediction of astrologist Daniel Pallant, of Commodity Consultants, who analyses planetary influences on the market.



THE DECLINE in the stock market was anticipated in my article of May 24 when the "Astrotrade" co-efficient graph showed a fall well into October. The Astrotrade co-efficients are the result of a computer study of planetary effects on share price movements, based on the history of the Financial Times Index from its inception in July 1935.

The generally downwards direction of share prices predicted in May has been fulfilled, with the apparent exception of the rally from August 11. The co-efficients show a sideways movement which would indicate a rally of some kind, but the strength of the market surprised me. That is until Wednesday September 10 and the following two days, when a large part of the upwards move was wiped out.

From a study of the Astrotrade technique with other indices and commodities I have learned in the end it always wins, and anomalies are soon corrected. Their particular strength is in the indication of medium term trends, that is for periods of six months or so.

I am still convinced that the market will remain under pressure for some time yet.

In view of the fact that the Big Bang is about to happen, we should consider what the market is likely to do then and into 1987. The Astrotrade co-efficients can be calculated by computer well into the future, because they are independent of recent price action and are based on a profile built up from 50 years' data.

I have produced figures up to November 1987, and they make interesting reading. It appears that during October 1986 the market will rally into November, but then a period of gloom will ensue into December, with some fierce shake-outs. In fact the coefficients drop to a low of −550, which is sharply bearish. But December will see the last of the bearishness before the explosive bull market of 1987. Next year the Astrotrade coefficients are bullish well into May, but whereas there was a bear market from April 1986, any bearishness in 1987 will be short-lived and will probably appear as only a sideways distribution. At the height of the coefficients this year they reached to about 1,000, but in November 1987 they go to 2,000.

As an astrologer, I have an interest in the observable effects discovered by the computer, and next year Saturn and Uranus approach conjunction in Sagittarius. They are the celestial equivalent of the large rock or the approaching storm, and I think that the recent increase in market volatility is a forerunner of some very big waves indeed.

هكذا من الأصل

Richard Tomkins provides food for thought on this week's big issue

TSB is floating free

THE TRUSTEE Savings Bank flotation seems set to prove that there is, after all, such a thing as a free lunch. Better than free, in fact: all the signs are that the shares will go to a handsome premium when dealings begin, so investors will actually be paid to sit at TSB's table.

As Wednesday's deadline for applications approaches, however, two great imponderables remain: One is how to obtain the largest possible portion of the meal, and the other is how great the reward will be for partaking of it.

First, just how difficult is it going to be to get hold of shares in the TSB? Using the response to the British Telecom offer two years ago as an example, you can play with a few numbers and come up with an over-subscription rate of perhaps 10 to 20 times. But this does not necessarily mean that anyone need miss out on the offer: it is all a question of what category of investor you are and what strategy you adopt.

Nearly 1.5bn shares are being offered at 100p a share, of which 50p is paid now and the balance in a year's time. Half of the shares have been reserved for preferential applicants — employees of the bank and depositors who registered before the deadline, who have special pink application forms — and the rest for the public and the institutions.

Of the pink half of the cake, 10 per cent has been reserved for TSB's staff of 26,000. These people will be laughing all the way to their place of employment for with 75m shares between them, they stand to be allocated nearly 3,000 each. Given that many of them will apply for fewer than that or none at all, all employees seem likely to get as many shares as they want up to the pink form limit of 10,000.

The rest of the pink half is reserved for registered depositors. These people think themselves among the favoured few but, in fact, they are not particularly well placed: some 2m of them could apply for 675m shares, so they stand to obtain an average of fewer than 350 each.

True, many of the 2m will not in the end apply for shares, but even an improbably high fall-out rate of 50 per cent would leave the rest with an average of only 675 shares each. The best strategy for these investors, therefore, seem to be to apply for a modest number of shares on the pink form and use the rest of their funds to take pot luck on a white application form, which they are entitled to do.

The white half of the cake will certainly be subscribed heavily and some form of rationing is inevitable.

Small investors are bound to be favoured. The TSB has said all along that its issue will be geared towards the wider public, and it also sees small shareholders as potential customers. At the same time, however, it will have to keep the important institutions sweet, which it will probably achieve by allocating anything up to 20 per cent of the total issue to major applicants at the top of the scale.

Although small investors stand to do comparatively well in the allocation, they have to make a tricky judgment over how best to pitch their bid. Suppose, for example, you go for £20,000 worth of shares (that is, 40,000 at 50p) but are allocated only 1,000. If these went to a 60 per cent premium they would yield a profit of £300, but the cost of borrowing that £20,000 (or withdrawing it from a high interest account for three weeks or so) could well reach £200. Thus, by the time you had covered your bank charges and dealing costs, your profits would be negligible

It seems highly likely that the smaller the application, the higher the proportion that will be granted. The safest strategy, then, is to spread your investment among as many members of the family as possible (including children—see note 3 on the application form) and to set a maximum limit on each application of, say, £5,000—the maximum stake that will qualify for the loyalty bonus in three years' time.

However, just how big is the premium going to be when dealings begin? Probably not as great as the wilder optimists imagine: the grey market price of 106p-109p being quoted this week (remember that the 100p shares are only 50p paid) was regarded in the City as crazy.

The consensus view seems to be that a 20p premium to the offer price would put the TSB on a rating, yield and discount to net asset value which rated it fairly against the other UK clearing banks, but most expect the excitement over the issue and the scarcity factor to add another 10p to 20p to the price, at least initially. Given that only 50p has to be laid out for every 100p share, that means a total premium of perhaps 60 per cent to 80 per cent. Small wonder that it is going to be heavily chased.

TIMETABLE

Monday September 22	*Last safe day for first-class posting of completed application forms.*
Tuesday September 23	Last day for handing in completed application forms into TSB branches.
Wednesday September 24	Offer closes. The deadline for handing in completed application forms to specified receiving banks in London and Edinburgh is 10 am.
Monday September 29	Allocation due to be announced.
Tuesday October 7	Letters of acceptance due to be posted.
Wednesday October 8	Stock Exchange dealings due to begin.

Trusty funds

AMID the bowler-hatted razzmatazz of the TSB flotation, the group's unit trusts have not had much of a look-in. The TSB name does not conjure up league-bating performances, nor is it meant to. The unit trust group's investment policy is a successful application of the maxim "low risk without implying low performance."

Good, solid, all-round performance without being top of the table is a suspect policy in some hands. It has been used as a justification for mediocre results. The TSB, as the table shows, has made a success of it. Of the 20 results listed, eight show the fund in the top third of its sector and a further six are in the top quartile.

The group might not be as familiar to investors as Henderson, Schroder or Britannia, but according to Planned Savings figures on July 1 it is bigger than any of the three in terms of funds under management. It now manages almost £1.1bn in its 10 unit trusts alone, and claims to be the country's biggest producer of unit-linked life business on a premium income basis.

Three trusts—General, launched in 1968, International (1975) and Income (1977)—form the long-established basis of the TSB portfolio. The rest of the trusts have been added in the past five years, the latest being the European fund, which was launched last March.

Marketing director Mike Ramsay admits that the group has been conservative about setting up new funds, and might on occasion have missed the boat. This attitude is both a coherent response to the type of investor the group is aiming to attract and a function of a hard-headed marketing strategy.

The TSB aims its trusts mainly at the small, first time investor, who is bewildered by choice and does not want a high-risk fund. Michael Pearce, executive director of TSB Investment Management, which oversees nine of the 10 trusts, sees the original three funds as this investor's "way into the equity market."

The TSB's generalist (as opposed to "flavour of the month") approach removes the need for frequent new launches to swell funds under management. Nor does the group go for advertising which highlights performance—a method which, as Ramsay rather tartly points out, is susceptible to distortion.

Ramsay cannot see the TSB ever running a number of tiny specialist funds: apart from not fitting in with the group philosophy, the idea is simply not cost-effective. He does, however, envisage a modest degree of expansion over the next two years, with the number of funds rising to, perhaps, 15.

One investment strategy has been to boost performance among funds in the UK sectors by spicing them with some international holdings. This has benefited the General trust, which has had a significant European element in recent times. The Selected Opportunities trust has invested as much as 20 per cent in Europe in April this year, and has also had holdings in Japan.

The Income trust has the best long-term performance record in our table, which Pearce puts down to "reading the oil market well and getting other important sectors more right than wrong, as well as a move into Europe."

With some huge funds under management — TSB General is the industry's largest — does Pearce regard size as a problem? He agrees that this used to be a worry in past years; but with the opening up of a wider "basket of opportunity" in the stock market's recent frenzy of large new issues, he does not at present see it as a stumbling block.

An income fund is affected in this respect more than most, in that the number of companies offering a high-enough yield, and of sufficient size for the trust to take a realistic holding, is limited. The investment style dictates the adoption of a "hard core" portfolio of long-term holdings and a long-term view of market sectors.

According to some research it undertook this summer comparing its own performance with that of other groups, the TSB found it had 89 per cent of funds which were above the average for their sector. The only other group to equal this among the 10 largest was Mercury. Apart from this, the nearest rival was M&G, with 48 per cent of funds above the average.

Looking at other groups with high percentages above the average, the names which appear are those of smaller groups operating trusts that are tiddlers compared with the TSB. This, feels Pearce, reinforces the value of his own group's record. After all, "You can't massage a big fund."

Christine Stopp

TSB UNIT TRUSTS

Fund performance to September 1 1986, offer to bid, income reinvested
Figures show: % growth (sector ranking/ number of trusts in sector) sector average

	1 year			3 years			5 years		
General	27.6	(24/ 88)	25.1	80.2	(45/ 74)	84.7	147.7	(48/ 68)	169.5
Income	27.4	(26/ 88)	25.1	107.6	(11/ 74)	84.7	219.9	(9 /68)	169.5
Selected Opportunities	38.0	(25/121)	28.4	101.5	(20/ 93)	77.8		—	
Extra Income	36.3	(16/103)	30.3	102.9	(36/ 71)	102.5		—	
Gilt and Fixed Interest	9.7	(12/ 43)	8.3	29.0	(18/ 35)	29.9		—	
International	42.6	(32/ 95)	34.6	79.3	(21/ 69)	56.8	163.2	(11/ 54)	129.4
American	24.7	(19/ 91)	15.9	41.3	(13/ 55)	23.5		—	
Pacific	61.0	(27/ 51)	55.0	107.4	(7/ 26)	74.5		—	
National Resources	−2.5	(10/ 33)	−7.4		—			—	

Source: Money Management.

• FINANCE & THE FAMILY •

Mary Scott on some pitfalls of private medicine

Shocked by a bill

"HELLO, I'm Michael. I'm your receptionist patient services." A slim young man in button-down American shirt and immaculately fitting trousers picked up my bag and wove his way through the glistening rubber plants and clumps of anxious Arabs. I followed weakly.

Upstairs, he proudly showed me my room, complete with large bathroom, television and an invitation from Harrods to order anything I wanted. Another advertisement offered a choice of videos—English or Arabic.

It could have been any international hotel. But this was the Cromwell Private Hospital in London—the mid-point of a tour of hospitals which, in five painful months, took me through the full spectrum of health care, and which, in spite of private insurance contributions, cost me about £900.

My doctor had warned me that the Cromwell was expensive. You could see why. There was every kind of gadget. Press a button and a nurse appears on your television screen, inquiring whether she can help you. She can hear what you say, but she can't see you. I suppose that's because Cromwell patients like their privacy.

I was in for one night. But some patients like it so much they treat it as a hotel. Next door, in a suite that couldn't have cost less than £500 a night, was an Arab girl who, every time it was suggested she should go home, manifested a new symptom.

My room was less expensive — £225 a day. The maximum room rate under my insurance, WPA, was £185. But because the Cromwell wants to attract patients on insurance schemes, it waived the extra. WPA footed the bill of £114 for the three units of blood I needed, and I escaped with only my telephone bill to pay.

For anyone with a guilt complex about private medicine, the opulence of the Cromwell is unnerving. Far more reassuring is the Nuffield wing of Guys where I started my trip. A porter lay asleep in the waiting room, and upstairs in my room, the paint was peeling as in thousands of NHS wards. In the bathroom, 20 yards down the corridor, there was a large damp patch. But you did feel that in an emergency dozens of doctors would be around.

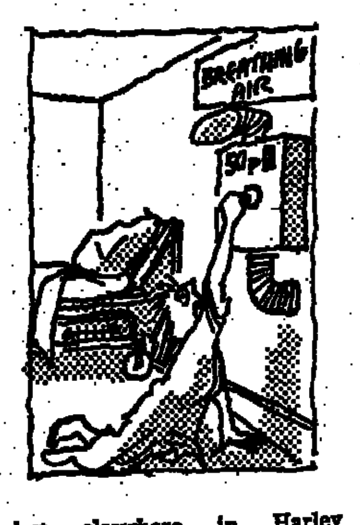
The big advantage of private medicine, is speed. The NHS waiting list for the routine gynæcological test could be nine months. I had mine within days.

The bill for two nights, plus what's termed an "intermediate operation" was £446, which WPA paid. The prescription I was given to take home, though, was not. That was £99 for three months' pills.

Unfortunately, the pills didn't work. A month later I was rushed haemorrhaging into hospital. As the ambulance sped through Slough, I remember thinking that I would now find out about the crisis in the health service. But, as it happened, the gynaecological ward of the Wexham Park hospital where I was taken is a gleaming monument to capital spending. The only obvious effect of the cuts was lack of blankets. In freezing February I had only one and a nurse had to go foraging in the middle of the night for more.

The nurses were efficient, particularly the sister who gave the impression she could do all the doctors' jobs and her own without creasing her uniform. The patients seemed to be benefiting from the kind of rivalry she encouraged: "Mrs X has been to the lavatory twice today. What do you mean you can't get out of bed?"

I was an embarrassment to the Wexham, as my surgeon was in London. I was sent back to him. He sent me for more tests. His rooms were discreet,



but elsewhere in Harley Street you could almost hear the cash bells ringing. In one waiting room, as I sat filling myself up with water for a test, piped music played soothingly. In another, there was a £8 cash discount on blood tests.

After the blood test I was sent to the Cromwell for a blood transfusion. It bought me only a brief respite. In April I was back in hospital haemorrhaging again. The surgeon said I needed major surgery. For an operation I could not have asked for a better hospital than the Chelsea Women's Hospital. It deals exclusively with gynæcological problems.

Ironically, even on the NHS, I was an emergency. But as a private patient I had a room to myself—no bath and regulation NHS cream paint—a television, and best of all a phone and more or less unrestricted visiting.

At first I enjoyed my privacy. But after a few days, I began to get depressed, and was conscious that the NHS patients in the neighbouring ward seemed to be progressing faster. So I wandered into their ward. I was greeted with cries of "Miss Posh," but wind is a great leveller, and after a few minutes we were exchanging the kind of intimate information you would normally tell only your best friend.

After that, egged on by the other patients, I improved. After ten days I was discharged, a fully paid-up supporter of the Friends of Chelsea Women's Hospital. But the bill was a shock. WPA paid the room rate of £191 a day. But my surgeon's bill (including the anaesthetist) came to £1,113. Even though I was paying maximum contributions of £17.65 a month for "London cover," WPA have a ceiling on "major operations" of £540.

I had to pay out £589. On top of that, there was another £100 for drugs once I got home, plus visits to my GP which aren't covered by private insurance.

I am now fully recovered, and very grateful to my surgeon who left me with far more of my insides than I expected. But the whole episode cost me around £900: a salutary warning to anyone who thinks that, by taking out maximum insurance, they will get free health care. Even so, I have just agreed to increase my WPA contributions to £20.20 a month. Costs, they say are going up all the time.

Know your limits

THE table at right shows the maximum benefits paid by the three leading health insurers for surgical and anaesthetist fees to patients having operations at London hospitals. All three claim that their ceilings in each category will cover all costs in virtually all cases. BUPA, for instance, says that only some 2 to 3 per cent of claims fall outside its limits.

The claims department of WPA, with which Mary Scott was insured, says that of the 3,000-odd claims it handles each week, "only about half a dozen" exceed the ceilings.

According to the insurers, once surgeons know a patient subscribes to a medical insurance scheme, they fix their fees accordingly, knowing full well what the ceilings are in each case. In this respect, the medical profession is not too different from the motor repair trade. And, as with any other form of insurance, the benefit ceilings are based on past claims' experience and after discussion with doctors and the consultants' committee of the British Medical Association (BMA).

However, the insurers acknowledge that there are exceptions who charge fees far higher than the norm, even for the London area. Often, although not always, these are leading surgeons in their particular field. In some cases, the surgeons would appear to be both greedy and cynical. The WPA cited one who consistently charges 600 guineas (yes guineas!) for an intermediate operation for which its maximum benefit is £300. Others charge above the benefit rates "if they feel the patient can afford it."

The WPA said each of its claims was handled on its particular merits; not surprisingly, it would not discuss the particular case where the bill was more than double its ceiling rate.

Like Ms Scott, most people who are paying the top London subscription scale assume they will be covered fully for any operation. But as her experience shows, this is not necessarily so. (Drugs that have to be taken after leaving hospital, and visits to GPs, are not usually covered by medical insurance although this usually is made clear in the insurers' brochures).

Clearly, the only way of avoiding the nasty financial shock Ms Scott experienced would be to subscribe to the PPP Plan A which gives you a full refund, whatever the amount charged. However, such cover costs a premium of 65 per cent above the normal London subscription scale.

Had Ms Scott been a member of a WPA company scheme where her employer paid her subscriptions, she would have been eligible for a full refund on all operation categories.

All three major insurers emphasise that anyone knowing they must have an operation should ask the surgeon about its nature and the fees to be charged. Then, they should check with their insurer to see if they are covered in full for this amount.

Insurers will supply a list detailing the operations that fall into each category. If your operation turns out to be more serious than originally thought, there should be no problem about receiving benefit in a higher category.

Margaret Hughes

MAXIMUM BENEFITS AT LONDON HOSPITALS

Operation	WPA £	BUPA £	PPP(1) £	PPP(2) Most expensive London hospitals plan £
Minor	160	156	160	Full refund
Intermediate	310	306	325	Full refund
Major	540	538	525	Full refund
Major plus/extra	665	661	650	Full refund
Complex/Complex major	—*	919	Full refund	Full refund
ANNUAL SUBSCRIPTIONS—basic rates without allowing for various discounts, etc				
Single, aged 25	303.95†	347.16	295.20	488.40
Married couple, both aged 40 + 2 children	754.70†	889.56	879.60	1,449.00
Married couple, aged 55 no children	932.20†	997.08	871.20	1,438.80

* Additional £1,300 available for "major" operations involving special techniques/teamwork. † From October 1, 1986.

Doubt over flats

I live in a block of maisonettes which is run by a management company. Each of the 21 lessees holds a "share" in the management company and thus elects the board of directors which runs the company. The company is required to carry out the management of the block in accordance with the terms and conditions laid down in the lease.

I am not satisfied that the company is being run in an efficient or legal manner. The directors seem to consider meeting the requirements of UK company law as an "option" which they do not necessarily need to do, although the company is a limited one. Also, the directors are unwilling to take professional advice to ensure that all necessary repairs are being done, even though none of the directors is experienced in building matters and no managing agents are employed.

I have tried talking to the directors but without any improvement.

What actions should I take to ensure that if I suffer financial loss due to the way the company is being administered by the directors I am able to sue for compensation.

Who would I take action against—the company or the directors personally.

Your claim would be against the company, not against the *directors personally, although* if the company were to go into liquidation a misfeasance *summons could* be issued against the directors if they had wilfully involved the company in unnecessary liability. It by no means follows, however, that you will have a cause of action against the company just because you might have suffered a loss. You should ensure that all your requests to the company or its board to *comply with their obligations* are fully recorded in writing, and that the replies are similarly recorded.

Canadian equities

From 1950 to 1971 I lived and worked in Kenya and Botswana. During this period I purchased some Canadian equities. Some of those I may now wish to sell. I have a query regarding capital gains tax which I understand dates from April 5 1965.

For the purpose of CGT is the cost of a share (a) what I bought it for pre March 5 1965 or (b) the market price obtaining as March 5 1965 or (c) the *market price on the day* I took up residence in the UK in 1971?

Provided that the shares were quoted on a Canadian stock exchange on April 6 1965 (or in the preceding six years), the answer is either:

(a) The original cost, translated to sterling at the rate of exchange on the day of the purchase contract; or

(b) The market value on April 6 1965, translated at that *day's exchange rate; whichever* be the higher.

This is a slight oversimplification of the complex rules, but it will probably suffice for practical purposes. *Please come* back to us, with more precise data, if need be.

Tenancy in common

My wife and I have changed the ownership of our house from "joint tenancy" to "tenancy in common." If we both incorporate into our wills a provision that our half of the house is left to our daughter, what is the inheritance tax situation when one of us dies? Will the survivor (and part owner) be able to live in the house rent free or will there *be a rent payable to our* daughter to avoid inheritance tax?

The survivor will not need to pay rent, but can occupy in right of her or his own half share. There should be no benefit reserved to the donor, since the gift only takes effect on death.

Bonus issues

I bought some shares in a Japanese company in *September 1980, and more in* 12/84, 1/85 and 10/85, and since I am considering selling, am trying to unravel the position as regards CGT.

From the Allied Dunbar Tax Guide I learn of pre-and post-4/84 pooling and the application of the RPI Index as an allowance. And from a Weekend FT article by David Cohen I *learn that the applicable* exchange rate is the one prevailing at the time. But my question concerns bonus issues, of which I have enjoyed no less than six, occurring both before and after 31/3/82.

Are all of these gratis shares considered for purposes of CGT as having been bought when the original shares were bought (as the Tax Guide 85-86, para. 18.29 implies)?

Yes, this is in fact a point which has been explained in answers published in our Briefcase column. You therefore have two pools of shares: an old pool, containing the 1980 purchase and the resulting shares, and a newstyle (continually indexed) pool containing the remainder.

YYour reference to 1984 (in the second line of your second paragraph) is presumably a typing error: old pools do not contain shares with deemed *acquisition dates after* April 5 1982.

Fiancée rebuffed

I note that you frequently have letters dealing with covenants. In April 1984 I made out such a deed to my Thai fiancée who is a UK resident for tax purposes, because her requirements were for her personal expenditure. I paid her monthly in cash since she did not want to use a bank as her English was also a little limited. She did not work and had no other income apart from occasional gifts from her family. The Inland Revenue is now refusing her a repayment of tax because she has no evidence of the payment. Do you have any suggestions — would a sworn affidavit be acceptable perhaps?

First, your *fiancée should* promptly write to the tax office, saying that she has consulted the Financial Times and has been advised to give notice of appeal against the refusal of her claim for 1984-85 (in accordance with section 42 (3) of the Taxes Management Act 1970). She could also ask for a copy of the free pamphlet on tax appeals, *IR37*. The letter giving notice of appeal should, if possible, be posted within 30 days of the day on which you received the inspector's letter *dated* August 11: if she cannot meet that time limit, she should give a brief explanation for the delay (e.g. that she had to wait three weeks for a reply from the FT's free advisory service).

For the benefit of other taxpayers who cannot afford professional *advisers* (but who do not read the FT), you may like to send a copy of the inspector's August 11 letter to the Secretary, Council on Tribunals, 20, Kingsway, London WC2B 6LE. You could suggest that the Council ask the Inland Revenue to arrange that letters rejecting claims should explain that there is a procedure for appealing against the rejection (and that free pamphlets are available from tax offices and *from* the Special Commissioners' office).

It is a pity that you did not send a copy of the deed of covenant, because the papers are a little contradictory *as* to its precise terms. In your letter to us, you say that the deed was made in April 1984, but the certificate (R110) which you signed on March 17 states that the deed was dated April 5, 1985. Are we correct in deducing that, although you covenanted to pay your fiancée the sum of £1,470 on Friday, April 5, 1985 (viz £2,100 less tax at 30 per cent), you only in fact paid her £122.50 on that day? *If so, the Inland Revenue* may well take the view that it was never your intention to make the annual payment which you had legally bound yourself to make; and such a default might well damage your credibility as a witness, if your fiancée takes her appeal before the local General Commissioners (which is what we are inclined *to recommend*).

House now a farm

I inherited in 1966 a large Victorian house with stables, barn, gardens, orchard, lawns, in all about 5 acres, which was valued residential for death duties. I have used it for my own enjoyment and pleasure, *for the last 20 years, and I have* not carried on any business. However, the Council in their structural plan have stated that my property is a farm, use agricultural, and that they have just made it available for development.

***If I have to sell my property,* can I get the Inspector of Taxes to confirm, before I sell, that I shall not be liable to any Capital Gains Tax?**

No. The solicitor and estate agent who act for you in the sale will be able to guide you through the CGT maze — or at least to put you in touch with a firm who can do so. The tax inspector will only start to consider your tax position after the sale has taken place; in the meantime, however, you could ask him for a free pamphlet CGT4 (Owner-occupied houses).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BRIEFCASE

David Brown on West Germany's fascination with scripopholy

Paper-chase with profits

FOR A country that historically is suspicious of high finance and certainly not given to playing the stock and bond markets, the West Germans have seized on a new hobby *with unusual* enthusiasm.

Collecting old bond and share certificates—often issued by one of those defunct companies *or regimes that feature* in the rogues' gallery of history —has in only a few years gained a *sizeable following*.

The market has developed at *roughly the same time* as private investors begin to lose their traditional scepticism — rooted in the pre-war years of hyper-inflation and the collapse of the German *currency—and* dip their toes, albeit carefully, into the stock markets.

The number of German collectors has rocketed from a *mere handful only* a decade *ago to many thousands today.* Publications and shops have sprung up around the country dedicated to the pursuit of what is rather inelegantly termed "scripopholy."

Bond and Share, a specialist magazine founded by one of the *hobby's earliest aficionados*, William Kuhlman, now claims a worldwide circulation of 25,000 with 10,000 readers in West Germany, 10,000 in the US. and the rest in the UK and Hong Kong.

Today, there is enough demand for it to be possible *in Germany to pay more than* the face value and accumulated interest on certain certificates which, not long ago, were considered virtually worthless. The often elaborately-engraved limited-edition securities issued under, say, the Weimar Republic, *the Confederate states* of America, Imperia Russia and China are among the more popular of these.

In the case of the latter *two*, the chance of *repayment* also can ad to the perceived value of bonds. There was the recent *settlement* with Mos*cow of claims* dating back to tsarsist times, while negotiations between London and Beijing have raised hopes (although not for the first time) that ther could be a profitable outcome.

Several years of speculation *in Chinese* bonds late in the 1970s pushed up the price of some shares (such as the Anglo-French loan of 1908) to as much as 1,00 per cent of face value. *Turnover jumped* from several thousand pounds to more than a million in 1979 before the bottom fell out of the market in 1982. It is now recovering.

To the initiated, bond and share certificates demonstrate a high degree of skill in the typographical craft with copper or steel engravings printed on banknote-quality paper. Some also bear famous signatures, or have other special artistic or historical interest.

Proponents say that because most were printed in *relatively* smaller runs than banknotes and stamps, there is a bigger potential increase in value for old scrip. *In theory, there is* an objective valuation system in scripopholy based on rarity, condition, and chance of repayment. In practice, these values have tended to fluctuate wildly.

Bonds and share certificates were first "discovered" as "currency-denominated collectibles" in the mid-1970s. According to most accounts, it began with a few dozen "hard core" collectors in Switzerland and Germany, whose attention was focused mainly on old American railroad shares and on Chinese bonds.

The first list to quote Chinese bonds was mailed by a Swiss dealer in the winter of 1973-74. It was aimed largely at the "decorative framing market" and, to a lesser extent, a small core of collectors.

Today, Germany has become the collectors' centre for the scrip that recalls the triumphs and follies of an earlier time.

'Broker' funds pose dangers

UNIT TRUSTS and unit-linked life bonds have brought equity investment to the general public at a comparatively low outlay with minimum fuss. They have also enabled investment advisers and financial planners to offer "own brand" investment funds to the public, using the various funds offered by life companies.

Financial planners take strategic decisions on which type of investment — equity, property fixed-interest or cash —and switch between them according to the investment assessment. The life company handles the tactical side in running the various funds. The provision of such "broker" funds is now an important marketing outlet for many life companies.

But there are dangers. The use of life company funds confers a degree of respectibility and expertise upon an adviser, which may not be justified. And the security question has been thrown into sharp relief by the winding up of the Canterbury-based McDonald Wheeler.

It would seem brave—or foolhardy, for a small investment company to launch another broker fund while the McDonald Wheeler saga was still fresh in the public's mind, and before the financial services legislation comes into force. Yet this is what the Glasgow-based investment company, Save and *Invest*, has done this week with the launch of its Scottish Managed Fund.

Save and Invest was established nearly two years ago by Jeffrey Deans and Mary Marsh as an investment shop in Hope Street, Glasgow. Over £20m has been invested on behalf of clients, using all available investment vehicles. Now Save *and Invest feels it is the right* time to launch into the broker fund market.

The *fund* is being underwritten by the Life Association of Scotland—a Scottish life company. LAS would stand behind a failure, so it will have checked that Save and Invest operates separate client accounts.

Save and Invest has assembled a panel of six other Scottish life companies and financial institutions besides LAS: Standard Life, Scottish Widows, Scottish Equitable, Baillie Gifford, Murray Johnstone and Scottish Unit Managers.

The Scottish Managed Fund will invest in the unit trusts managed by these companies together with the linked life funds from LAS, switching between the funds in line with the manager's view of the market.

How can an individual investor assess the expertise of Save and Invest?

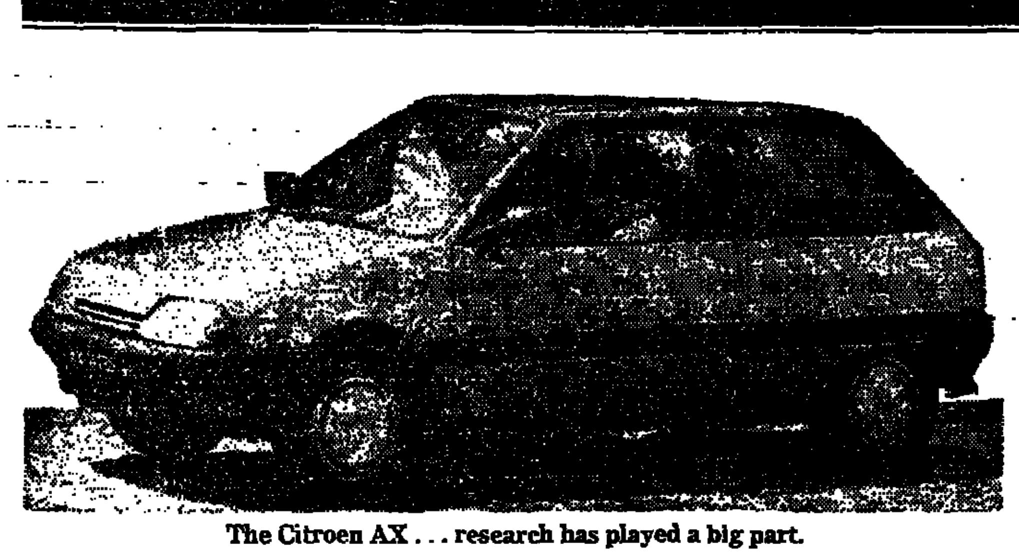
Until a track record has been established, investors will have to rely on the fact that Save and Invest has access to a pool of investment advice—from the consortium. Second, investors have a right to switch into the managed fund run by LAS. So, it is up to Save and Invest to outperform the LAS managed fund.

Looking to costs, the initial charge is the standard 5 per cent. However, Save and Invest imposes a ½ per cent annual charge on top of the usual ½ per cent charge by the financial institutions — another reason why its investment performance has to be top of class.

What can Save and Invest offer an investor over and above that offered by a life company managed fund? First, it claims to be much more flexible, in moving from one fund to another, than a large sized managed fund could ever hope to be. Second, it offers a "personalised" service through its investment shops (more are planned in the next two years). Investors appreciate this.

The minimum investment is £1,000 and there are substantial pre-launch bonuses before the official launch on November 19.

Eric Short



The Citroen AX . . . research has played a big part.

Citroen strikes again

Stuart Marshall on the AX, which promises to make big waves in the supermini market

SMALL Citroens have ranged from the bizarre (the deux chevaux) to the merely eccentric (the LNA, a Citroen air-cooled engined, short wheelbase Peugeot 104).

The new Citroen AX is not designed to replace the deux chevaux. When you ask a Citroen executive how much longer that son of a corrugated-iron chicken house will remain in production, he shrugs his shoulders and says something like: "While buyers demand it." And when you seek elaboration, you are given to understand that Citroen fears marginal motorists may still want to drive this indestructible and by now unprofitable relic of the 1940s until the oil wells run dry some time in AD 2075.

There is nothing out of the ordinary about the AX, which is on sale in France now but will not reach Britain before summer 1987. It is a classic cross-engined, front wheel driven hatchback, computer designed to be made cheaply by robots. The AX could have any manufacturer's badge on the front — Ford, Volkswagen, Renault or Rover—and no eyebrows would be raised.

In fact, any of these manufacturers probably wishes that it did have their badge on the bonnet because the AX promises to make big waves in the highly competitive supermini market largely, but not entirely, because of its price.

In France, it is positioned between the Renault 5 and Peugeot 205 at the moment, but Citroen knows the AX could be sold profitably for less than the Renault 5 equivalent. No one can forecast what it will cost in Britain next summer — but few would be surprised if there was a fairly basic model at an eye-opening price. "Our robots are so efficient, they give us room for financial manoeuvre," a Citroen man told me.

The AX owes quite a lot to a research vehicle that Citroen called ECO 2000. It is a full—well, reasonable — five-seater with, it is said, more passenger space than any other in its class. Despite its interior roominess, it has quite remarkably low aerodynamic drag. This has two effects. It makes for quietness at motorway speeds and gives the AX fuel economy unequalled by any other petrol-engined car.

The mid-range AX 11, with a 1,124 cc, 55 horsepower engine, will reach a genuine 100 mph but return 72.4 mpg at a constant 56mph. At a 75 mph cruising rate it is still doing 50.2 mpg and in town, 49.6 mpg. These are the official figures but they do bear some relationship to what happens in the real world.

When I sampled a larger engined (1,360 cc) AX 14 in France several weeks ago, I achieved 44.1 mpg for a mix of autoroute, hilly rural roads and shopping street driving, and I was not hanging about.

The engines are entirely new. There are three sizes — a 954 cc of 45 horsepower, a 1,124 cc and the 65 hp 1,360 cc. The gearboxes are also new. The basic models get a four-speeder, the others a five-speed box. The shift is light and positive, the transmission is not noisy and gearing strikes a reasonable compromise between motorway fuel economy and flexibility in traffic. The transmission will also be going into the Rover Metro's successor when it appears in two years' time.

Despite its conventional steel springs, the AX rides like a real Citroen, making farm tracks feel like highways. The all-independent suspension allows big wheel movements but roll on corners is far from excessive.

Throughout the AX one looks in vain for any signs of Citroen's traditional quirkiness. But there are some original touches just the same. The tailgate is frameless, with the hinges bolted directly on to the glass. The interior is peppered with so many nooks and crannies in which maps, cassettes and oddments may be hidden that, like a squirrel with its winter supply of nuts, one may forget where they have been tucked away. The huge shelf under the passenger's side of the fascia take a handbag or small briefcase. There are bottle compartments in the doors—for large *plastiques* of mineral water, you understand.

When I drove the Citroen BX in France several years ago while it was still secret, it was surrounded by interested people when I parked outside a supermarket to buy my usual 12 bargain bottles of wine. When I did so this time in Bergerac, nobody took any notice of the AX.

Are the French less interested in cars than they were? I doubt it. I put it down to the AX being so similar to other superminis that most people did not realise it was anything new. Depending which way you look at it, there are overtones of Renault 5, Ford Fiesta, even the Seat Ibiza, plus a broad hint of Peugeot 205.

Before the AX comes to Britain there are one or two minor details that should be seen to. The tailgate can only be opened with the key—why not an interior release by the driver's seat like that in any Japanese hatchback? And why cannot the front passenger's seat slide forward as the backrest tilts to make the rear seat easier to reach? Small points, perhaps, but the kind of thing that creates unnecessary problems when a car is used as a family runabout.

Citroen says the AX has been designed for cheap and easy servicing. It needs an oil change at 12,500 km (roughly 7,500 miles) and a general service at 25,000 km (15,000) mile intervals. Valve clearances will never need adjusting; the transmission is lubricated for life: and the clutch can be changed without disturbing the engine. All of which means that the AX should keep big servicing and repair bills at bay.

In Britain, Citroen said at the beginning of this year that it aimed to double its market share by mid-1988. This year, largely due to the great success of the BX, which stopped people from thinking that all Citroens were complicated and hard to service, sales are running 30 per cent higher than in 1985.

Next year Citroen UK believes, its little sister, the AX, will take 1 per cent of the market all by itself, rising to 1.5 per cent in 1988. If that prediction comes true, 3 per cent of the market for the Citroen marque is believable. Already, owning a Citroen stamps a motorist as having an eye for value rather than wanting to be different at all costs.

Malcolm Rutherford goes cruising with a boatload of Americans

Therapy that's so easy to take

ONE WAY of meeting a lot of Americans nowadays is to go on a cruise. Not in the Mediterranean, of course. That is still virtually out of bounds because of American fears about terrorism. But in the Atlantic and the Pacific, cruising is flourishing. Some of it is run by Scandinavians with mainly American passengers.

I joined the Royal Viking Sea cruise in Acapulco and left it in Fort Lauderdale 11 days later, having passed through the Panama Canal in the meantime. In fact, you can pick it up almost all over the place and leave when you wish. To go round the world on it takes just over 100 days and costs around $90,000 in the most luxurious cabins, and not much more than $20,000 in the least. Some people have taken to booking their next trip long before they have disembarked from their present one.

The combination of Scandinavian management and elderly American voyagers is distinctly therapeutic. One of the many movies being shown was Out of Africa. I warned as many people as possible that it was somewhat over-rated, and that its story-line could be reduced to about 10 minutes. They all flocked to see it and demanded that it be shown again.

In a way it symbolised the cruise: Meryl Streep's adopted Danish accent, the panoramic views and the American readiness to lap up a love story. The Norwegian captain of the ship spoke in the same soft way when he gave his daily message from the bridge at 9 am. Absolutely no "Wakey, wakey" or "Rise and shine." It would have been perfectly possible to have slept till noon.

The ship's doctor, a Swede, said that the average age of the passengers on the world cruise was upwards of 75. Some of them visited the surgery just because it was there in a way they would not do at home. It was a case of listening to them and sorting out who really had something wrong. Therapy again, though if surgery was required the equipment and the expertise were there.

Yet the therapy is very unobtrusive. Some people played bridge throughout the passage through the Panama Canal. They missed the fact that the transit fee has to be paid in cash in dollars, which in the case of the Royal Viking Sea was $96,000. Some of the tugs to which the ropes are thrown from the ship are the most primitive form of rowing boat. Sometimes the rope is missed and in our case the oarsman lost his paddle.

Lectures abound, called Enrichment Lectures. Edward Heath has given them. So has General Westmoreland. They are not compulsory. The lectures on modern bidding systems in bridge seemed elementary till one realised that some of the people present had started playing before Acol was invented.

There was an outstanding lecture by Dr David Maynard, a former American diplomat and academic, called "Could the US have kept the Panama Canal?" What impressed was, first, the size of the turn-out and, second, the readiness to listen to the argument that American diplomacy does not have to be conducted with a big stick.

The answer to the question, incidentally, was: Yes, the US could have kept it, but it was right to negotiate the treaty with Panama. I noticed no dissent.

Interest in things Hispanic seems to be a growing trait in American society. Although we gave a wide berth to Nicaragua, we docked at Caldera in Costa Rica. The country has a famous railway system: narrow gauge and very old. We came back from San José, the capital, by special train — over 500 American tourists packed into 10 coaches that might have been modern at the turn of the century. All along the line people waved. The Americans waved back, tentatively at first, then enthusiastically. At the end some of them were nearly crying. Americans have become unused to such a friendly reception abroad.

Among quite a lot of them a serious dialogue was going on: where did US policy to its neighbours go wrong, if it did? Another part of the therapy, perhaps, but after a while cruises do make people talk and think.

St Thomas in the US Virgin Islands is a joy: all the pleasures of the Caribbean plus American efficiency and self-confidence. Curacao, on the other hand, where we also disembarked, is a dump, and the only benefit of having been there is the knowledge not to go again. The diversity of conditions in the Caribbean never ceases to astound.

There are other things you can do on board like clay pigeon shooting, preferably out to sea. The Americans jogged or walked round and round the deck. There is paddle tennis, dancing, dancing lessons, cabaret, bingo and a remarkably well-stocked library. But the beauty of it is that you can, if you choose, ignore them all.

This is supposed to be a luxury cruise. Everyone kept telling you so. I would prefer to call it very up-market mass production. As the chef pointed out, it is impossible to do everything at sea for 700 people to the highest standards — make individual dishes and so on. All you can do is to try your best, and the best is pretty good.

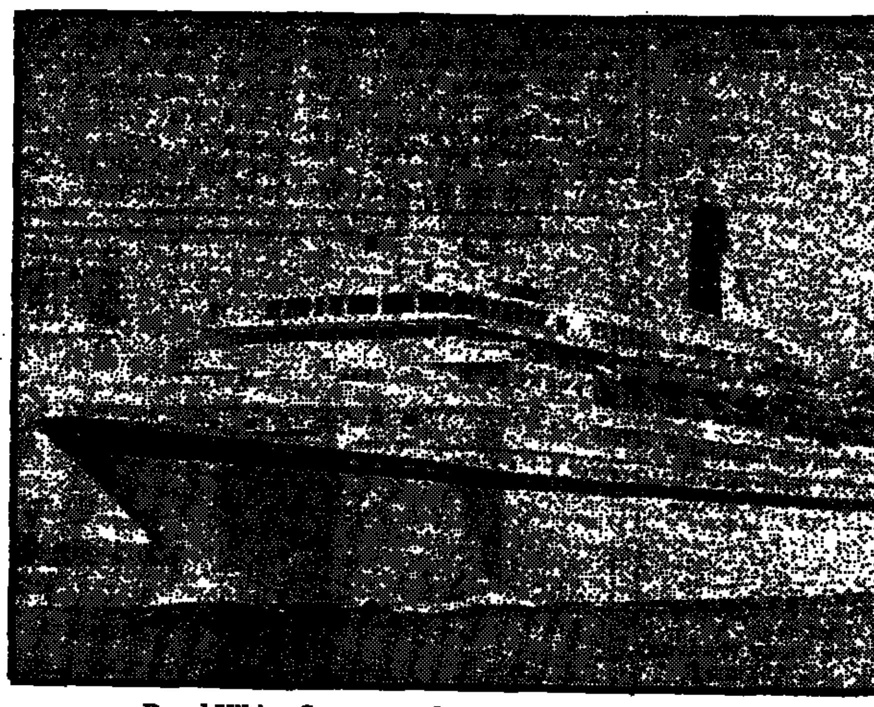
The Royal Viking Line prides itself on providing more space per passenger than any other cruising company. That must be right. Never once did one feel overcrowded. The Royal Viking Sea is also a one-class ship, so there is no discrimination.

One word of warning, however. Never take a bath when the ship is in port. The water runs out all over the floor. Since this is the most frequent complaint the company receives, it is surprising that there is no notice about it. Once at sea there is no trouble.

A frequent question was: why don't the British go cruising? The only answer I could think of is that Britain is not an ideal place to start from, though the Royal Viking Line will fly you to the port of embarkation at no extra cost. Perhaps another is that we are a conservative lot who have not yet realised that cruising need be no more expensive than staying in hotels. It is also much pleasanter and fewer things seem to go wrong. We should challenge the Americans' near monopoly.

TRAVEL DETAILS: The cost of a 15-day Panama Canal cruise with the Royal Viking Line starts from £1,977, including air fares. Contact Royal Viking Line UK, 3 Vere Street, W1. Telephone (01) 734-0773.

● Bernard Crisp, Cunard's UK director, is planning to double the size of the British cruise market within two years. Crisp points out that the Berlitz Complete Handbook to Cruising identifies nine five-star ships in spring of which his company owns five, including the QE2, now having a £90m refit. And he says: "I intend that we should increase the QE2's sales in the UK in 1987 by 200 per cent over this year."



Royal Viking Sea: a one-class ship that can become a way of life

Join the rush to Greenland

IF YOU have ever pictured yourself an Arctic explorer, a Scott bound for the North Pole while braving frigid wilds and untamed miles of a polar ice cap, Greenland should be your next holiday destination.

It is vast and silent, with warm people and modern towns — there is no hustle and bustle of trains, coaches and cars. The adventurous traveller can leave engine power behind completely and venture across the stark, frosted terrain by way of an ancient and far more natural form of transport: the dog sledge.

The morning's scene will seem as impressive as the landscape itself: nearly 250 dogs spread out across the mile-wide snow and ice-covered lake in the glare of the morning sun. Behind their straining leather harnesses and taut nylon ropes are 20 wooden sledges, their frames cunningly lashed together with leather and nylon strapping to absorb the crashing shocks of rocky tracks, humming along on steel runners. The Eskimo driver lies comfortably half-prone at the front on a reindeer skin hide strung to the wooden slats, his crossed legs casually hanging out over the snow, ready to give an occasional shove to change direction. Behind him, leaning into the criss-cross string web attached to either side of the steering frame at the back, sits his well-muffled passenger.

Even in the most expensive chauffeur-driven Rolls-Royce, a touch of the electric window button invites in the fumes of the traffic. Here, with icebergs riding high only 500 metres from where our ice road ends at blue sea, there are exhaust fumes too. Picture 11 dogs who have digested last night's meal of raw fish or seal and you begin to get the smell.

For nearly an hour one dog after another drops slightly behind the leaders for a quick moment of relief before the driver's whip cracks at its hind-legs and scurries it back into the milling throng while others simply provide a symphony of farts. But once the morning's ablutions are over, the team gets into stride, hair bristling in the wind, stomach muscles straining and two or three dogs competing for leadership, including an elderly bitch who seems to have more stamina than all of them put together.

My dog sledge outing from picturesque Ilulissat — Greenlandic for "Iceberg City" — led us north from this town of 4,000 inhabitants, away from the eighth wonder of the world. I was to see it the next day by trawler, turning the corner past Ilulissat's fish factory and beautiful red church — the huge Ilulissat glacier mountain which stretches more than 30 kilometres inland. Opposite lies Disko Bay, the sparkling source of Marks and Spencer's best prawns. Every day millions of tonnes of ice break off the mother glacier and "calf" into the icy cold sea — more fresh water than flows from all the taps of the Common Market in an entire year.

A dogsledge can run comfortably at about 20 km an hour on good ice, but conveys no sensation of great speed until you jolt down a hillside. Jakob was my driver.

There are few places in the world where you can hire your own driver and transport for the day with "fuel" for approximately $40 all-in.

Demand is high for the few hotels, which are all comfortable and serve specialities like reindeer, arctic fowl and whale blubber. The Inuit population (40,000 plus 10,000 Danes) are very welcoming but good businessmen.

THERE ARE various package tours to Greenland with options for such things as Arctic trekking, glacier visits and dog-sleighing. Most start at Reykjavik or London via Copenhagen, at prices from around £800 to around £1,100. Information and bookings can be had from Arctic Experience, 29 North Way, Banstead, Surrey SM7 1PB, tele 0773-62321, telex 897807. General tourist information: Danish Tourist Bord, Sceptre House, 169 Regent Street, London W1, tele 01-734 2637.

Peter O'Neil

Just too many skiers

WORLDWIDE, more than 3,000 resorts now cater to an international market of more than 30m skiers. They don't all ski at once, but the area available to them is finite and the crowding is becoming such that the future, says the new edition of the Consumers' Association's Good Skiing Guide, is looking a little bleak (writes Michael Thompson-Noel.)

"There is little more that can be invented or developed," says the guide, "that will extend the available ski-fields or reduce the queues and the collisions on pistes which now accommodate 10 times the number of skiers they were designed for, skiing twice as fast."

As a result, skiing has come almost full circle. Once again, the downhill skiers are discovering the pleasures of the slow climb, a deserved rest at the top, and a good run home. Soon, the new converts to cross-country skiing will be demanding the untamed trails of Norway.

"If there is a fourth generation of resorts to come," says the guide, "perhaps it will be the composite ideal—the Austrian hamlet with ski-fields like those in Aspen or Vail, a lift system of French thoroughness, and the après-ski life of the Oberland of the late 1920s."

Impossible? Not quite. In the meantime, the guide offers impeccable advice on Europe's 200 best winter sports resorts. Beginners are advised to go to Wengen, black-run enthusiasts to St Anton, seekers after Alpine charm to Alpbach, and those in search of vast skiing areas to Meribel. For nightlife, try Kitzbuhel.

The guide offers objective first-hand comparisons of resorts. First published in 1985, it has been updated with hundreds of changes, mainly to the maps and resort descriptions. Its strength is that it spells out each resort's drawbacks as well as the attractions, covering more than 200 in Austria, Italy, France, Switzerland and the Pyrenees. For most resorts, the guide gives specific hotel recommendations at varying price levels.

● THE GOOD SKIING GUIDE is published by the Consumers' Association and Hodder & Stoughton. Available from bookshops, as well as the Subscription Department, Consumers' Association, PO Box 44, Hertford SG14 1SH; £8.95.

BRIDGE

IN HIS new book, The Compleat Bridge Player (Methuen, £8.95) Victor Mollo has presented many interesting hands. Let us start with one played by the author, in which he says that his bad play was, as bad plays usually are, instructive. It occurred in the BBC's Grand Slam series. Here is "Technique—what is it?"

N
♠ K 9 7 3
♡ Q J
◇ Q J 6
♣ A J 4 2

W
♠ 10 8 6 2
♡ K 4 2
◇ A K 8
♣ 7 5 3

E
♠ Q
♡ 9 8 7 6 3
◇ 10 5 4 2
♣ 9 8 6

S
♠ A J 5 4
♡ A 10 5
◇ 9 7 3
♣ K Q 10

South dealt at a love score and bid one no trump. North replied with a Stayman two clubs, and raised the opener's rebid of two spades to four spades.

West opened with the diamond king and continued with the ace and eight. Winning with dummy's queen, the declarer returned the heart queen. It is correct to try the heart finesse first — if it wins the declarer can afford the safety play in trumps, cashing the ace followed by a low trump, and finessing the nine, if West produces a small spade.

But West took the heart queen, and returned a heart to the knave. So now the spade finesse had to be right. Victor cashed dummy's king, dropping East's king, and the contract was no longer makeable.

As the author says, to start with the spade king was bad technique. To drop a singleton queen in West's hand would be of no advantage because he lacked the eight of spades. The correct return at the sixth trick is the three of spades with the intention of finessing the knave. This succeeds whenever the trumps break 3-2 with the queen in East's hand, and it has the additional advantage of getting home when East holds the singleton queen.

We turn to "The Sixth and Other Senses":

N
♠ 4 3
♡ K J 6 4
◇ Q J 10 8 6
♣ A 8

W
♠ A K J 9 8 6 2
♡ 3 2
◇ K 9 5
♣ 10

E
♠ 7
♡ Q 10 9 8 5
◇ 7 3
♣ 9 7 6 4 3

S
♠ Q 10 5
♡ A 7
◇ A 4 2
♣ K Q J 5 2

This deal comes from an Olympiad match between America and the Italian Blue Team.

West dealt with neither side vulnerable, and opened with one spade, East replied with one no trump, and South overcalled with two clubs. West rebid two spades, North raised to three clubs, and South's three no trumps concluded the auction.

West cashed his two top spades, and continued with the eight to South's queen. On the second spade East threw the five of hearts, and on the third, after a considerable pause, the three of diamonds.

The commentators predicted that declarer would draw the correct conclusions from East's embarrassment, but they were wrong. When the clubs did not break, South decided to rely on the heart finesse, and went two down.

Only with a doubleton diamond could East have been reluctant to discard one. Again, West would not have cleared the spades unless he had some possible entry, and that had to be the diamond king. Had he arrived at this conclusion, the declarer would have cashed his red aces and thrown East in with his last club.

Even the best players—and the declarer was certainly one of them—cannot always rely on their sixth sense.

E. P. C. Cotter

CHESS

THE BATTLES for chess supremacy over many years between Alekhine and Capablanca, Fischer and Spassky, or currently Kasparov and Karpov, are familiar to all enthusiasts; but Lasker v Smyslov sounds a strange pairing.

Emanuel Lasker was world champion for 27 years till 1921, a record reign; he maintained his strength into old age better than any player before or since. At Moscow 1935, when Lasker was 66, he finished third, only half a point behind Botvinnik and Flohr (the outstanding young grandmasters of the time) and half a point ahead of Capablanca.

The modern rival to Lasker is Vassily Smyslov, world champion for a brief year in 1957-58 but with impressive results in his sixties. At 62, Smyslov qualified from the interzonal to the candidates and went out of the worldtitle series only to Kasparov. Now 65, his performances are becoming more variable, but he still aims to match Lasker's records.

Smyslov has always been essentially a positional and endgame stylist, using general judgment and intuition rather than specific calculation. Such an approach is a great energy-saver for an older player.

This summer at Copenhagen, Smyslov added another first prize to his large collection. He shared the award with two other Russians and a Hungarian, but left behind a flock of eager young Western aspirants.

This week's game is vintage Smyslov for his mature years; the critical point is at move 20 when Black sacrifices the exchange for a pawn and active play. White has a confusing range of choice, but the ex-champion finds the one clear line which exchanges queens and sets up his favourite rook-bishop endgame strike force.

White: V. Smyslov (USSR). Black: T. Ernst (Sweden). English Opening (Politiken Cup, Copenhagen 1986).

1 N-KB3, P-QB4; 2 P-B4, N-QB3; 3 P-Q4, PxP; 4 NxP, N-B3; 5 N-QB3, P-K3; 6 P-KN3, Q-N3; 7 N-N3, B-N5.

Here 7...N-K4 was preferred but 8 P-K4, B-N5; 9 Q-K2, P-QR4; 10 B-K3 or 9 0-0; 10 P-B4 favours White. Black's next move is an idea of Spassky's.

8 B-N2, Q-R3; 9 N-Q2, BxN; 10 PxB, P-Q4; 11 PxP, PxP; 12 0-0, 0-0; 13 P-K4, B-N5; 14 P-B3 B-K3; 15 PxP, NxP?

Probably the decisive error, which allows White's pieces to spring into activity. After BxP! 16 N-K4, NxN; 17 QxB? is met by Q-N3 ch.

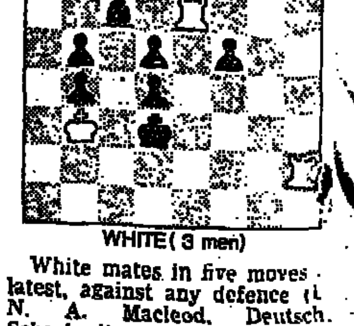
16 N-K4, P-B4; 17 N-B5, Q-N3; 18 B-QR3, NxP; 19 Q-K1, N-Q6; 20 R-B2, N(6)-N4; 21 N-R4!

Instead 21 NxB? NxB gives Black good play with his knights.

21 . . . Q-R3; 22 BxR, QxN; 23 B-B5, R-K1; 24 Q-Q1! QxQ ch; 25 RxQ, N-B3; 26 R-K1, N-B2; 27 R-Q2, K-B2; 28 P-B4, N-R3; 29 B-B2, R-Q1; 30 RxR, NxR; 31 P-QR3, N-B3; 32 R-N1! (now the win is simple technique), B-B1; 33 BxN, PxB; 34 BxP, K-K3; 35 K-B2, P-B4; 36 R-Q1, B-Q2; 37 K-K3, K-2; 38 R-QN1, Resigns.

PROBLEM No. 638

BLACK (9 men)



WHITE (3 men)

White mates in five moves at latest, against any defence (by N. A. Macleod, Deutsch. Schachzeitung 1984). Norman Macleod, a leading British composer, won a special prize for this test of solvers' skill with rooks.

Solution Page XXI

Leonard Barden

London Property

Rentals

Country Property

· PROPERTY ·

Pure speculation is the rule

THE BEST newly-converted flats in London have just come on to the market. Confident messages to that effect come from an army of agents marketing a positively bewildering array of luxury apartments. They are all immaculately finished, all close to whatever central London location appeals to you, and they are on, or about to come on to, the market following completion of developments started at the height of the surge in central London prices in 1984.

The phrase "buyer's market" springs to mind, yet asking prices show no evident signs of weakening. Maybe demand still exceeds supply for such flats in London, or agents may be unwilling to admit to sales at less than asking prices, or developers are holding out for the prices they need to cover their financing costs.

Picking any one such explanation would make a catchy headline. But the fact is that no one can do more than make an educated guess about the strength of present prices, because, as developer Richard Balfour-Lynn says, "It is such an unprofessional market."

If your primary interest is in buying a property to live in, that lack of professionalism is a matter of indifference. The important factors then are largely subjective—whether you like the place at the price or not. On that basis there is no doubt that because of fierce development competition, the current crop of new flat conversions are to a standard that would have been regarded as almost excessively high a couple of years ago.

If, on the other hand, buying in London is as much to have an investment as a home, Balfour-Lynn's point could be critical. By amateurish he means that, as an investment market, London residential property is about as well organised as a football riot.

Buyers can make a reasonable stab at picking a likely location—taking a view on whether Knightsbridge is ex-growth, or what the move of the Japanese school will do to Ealing values—but after that they are in the hands of the agency sales staffs. They have no reliable information on the number or timing of new luxury developments coming on to the London market. They will find no effective data on the current demand for rentals—let alone anything other than pure speculation on the likely future demand once the current crop of leases run out. They are looking at a market in which there is no relationship between the prices asked for apartments and their usable space, and where even the pricing advice of agents may have been arbitrarily overruled by their clients. Balfour-Lynn chaffs at this anarchic state of affairs because he is one of the newer breed of residential developers who apply strict financial controls to a business that has traditionally been carried on as a side-line by builders, individual estate agents and enthusiasts who feel they can spot a bargain and have a natural talent for interior decoration. Along with businessman William Broadbent, Balfour-Lynn set up Warwick Balfour Properties at the beginning of 1983. Since then the company has carried out a steady stream of refurbishments, mainly in the £150,000 to £300,000 price range that appeals to companies as well as individual buyers.

He argues that, however attractive the mass of flats now on offer, "there are not a lot of quality developers around." He contrasts the average skin deep conversion with the exhaustive attention to standards of design, quality of building work and finish in the properties Warwick Balfour tackles. Of cours, other residential developers say more or less the same about their own buildings. And so it is Warwick Balfour's approach to the finance rather than the physical structure of its developments that helps to give some better clues to the state of the London flat market.

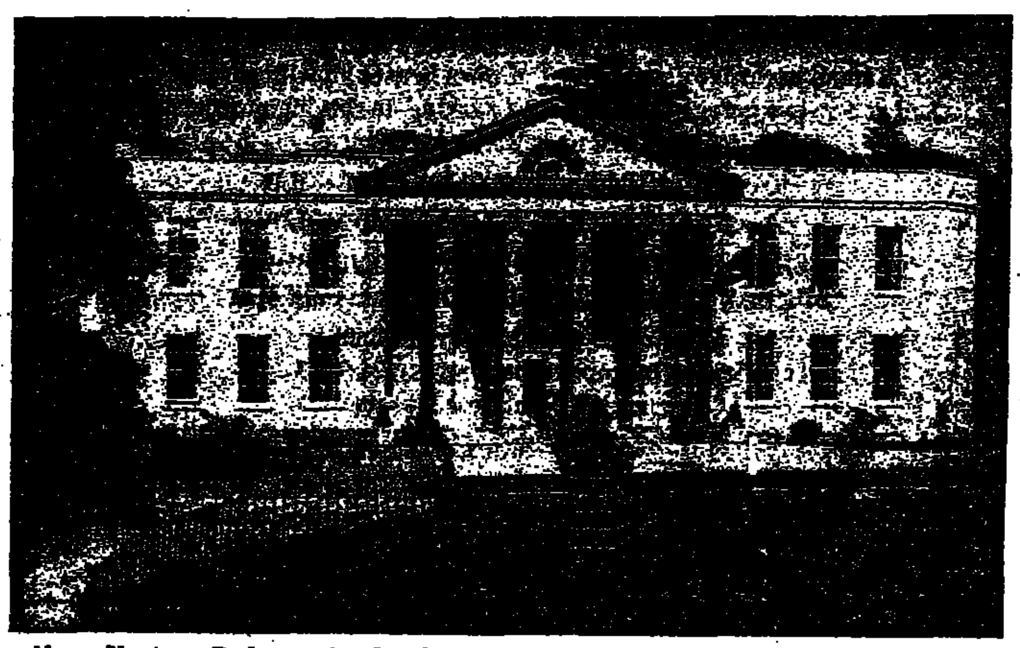
Swiftly demolishing the hopes of amateur developers who read those do-it-yourself guides on how to make a fortune by doing up cheap old houses, Balfour-Lynn explains that there are no cheap old houses ripe for conversion. His company never buys property at auction, never goes to tender on purchases, and rarely if ever buys any properties that have come on to the open market. "By then it is too late," he says. It is too late in terms of price, because competing for a residential property in the open market puts Warwick Balfour up against less figure conscious developers who are willing to pay more, and willing to risk trying to sell a cheaper conversion or passing on the extra costs when it comes to setting the asking prices.

Properties Warwick Balfour does acquire come directly from the major London estates—which like to select the developers who work on their buildings, or which may want to do a joint scheme—and from agents who keep an eye open for likely properties in return for th chance to act on the sale of completed flats.

John Brennan

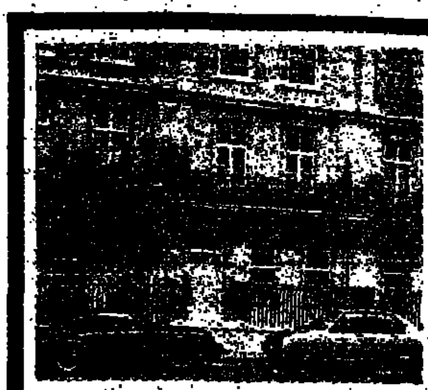
A semi-detached country cottage sounds like a contradiction in terms. But on the Helmingham Estate, 10 miles south of Ipswich with its 60 minute inter-city service to London's Liverpool Street Station, Savills Jack Lloyd Jones (0472 214541) has one that is "an attractive and challenging investment opportunity." That's the kind of phrase that sets warning bells ringing, but it's not as bad as it sounds. The "opportunity" lies in modernising and extending the 1840s property which, with two bedrooms and half an acre of garden, is being sold freehold for £42,500.

Above, built about 1560, the Old Farm, Givons Grove, Leatherhead, Surrey, has had a fair amount of money lavished on it in recent years. A Swedish log cabin with sauna and a kidney-shaped heated swimming pool have been slotted the modernisation without diminishing the character. Offers around £850,000 are invited by the Esher office of Hampton & Sons, where Tim Garbett (0372 68411) has the keys to this six-to-seven bedroom property set in three acres



Above, Newtown Park, a restored 18th century country mansion in 25 acres of formal gardens, woodlands, paddocks and park near Lymington, Hampshire, is to be sold freehold for a touch under a million pounds. It is in striking distance of the Solent, and if the idea of a New Forest mansion appeals, Paul Jackson of Jackson & Jackson (0590 75025) is marketing the property with a price guide of £975,000.

Hampton & Sons



WILTON CRESCENT, BELGRAVIA, S.W.1.
A magnificent property of 8 bedrooms, 6 bathrooms (5 en suite) with elegant and spacious reception rooms, offered in immaculate condition throughout. Great care and attention has been given to the decor and the luxury fittings throughout. The property also has the advantage of staff accommodation with separate access and a large sunny roof terrace off the main reception room.
Substantial offers are invited for the 51 year leasehold interest.
Joint Agents: Hampton & Sons, London Office. Tel: 01-493 8222 and Barrington Laurence 12 Stanhope Gate, London W1A 4SA. Tel: 01-499 2222

KENSINGTON, W.8.
Four individual, brand new town houses in a quiet development just off Kensington High Street. 3 bedrooms, 2 bathrooms, drawing room, dining room and luxury kitchen. Large garages, small gardens. Constructed to a very high standard throughout.
From £[illegible] Freehold
London Office. Tel: 01-493 8222



KINGSTON HILL, SURREY
A desirable detached residence in quiet private road, set in grounds of over ½ an acre. 4/5 bedrooms, 2 bathrooms (1 en suite), 3 receptions, well fitted kitchen/breakfast room, shower/cloaks, 2nd cloaks, games room. Gas CH. Double garage. Planning consent to extend.
Offers in region of £550,000 Freehold.
Sole Agents.
Wimbledon Office. Tel: 01-946 0081/6464

WIMBLEDON COMMON, S.W.19
Attractive Tudor style detached residence with ¾ acre garden, close to Wimbledon Common and Village. 6 bedrooms, 4 bathrooms, shower, cloakroom, 3 receptions, kitchen/breakfast room, gas CH. Double garage. Large partly walled garden. Carriage drive.
Offers in region of £750,000 Freehold.
Wimbledon Office. Tel: 01-946 0081/6464

WIMBLEDON COMMON, S.W.19
Spacious and well appointed family house in one of Wimbledon's most prestigious roads, a short walk from the Common and Village shops. 6 bedrooms, 3 bathrooms (1 en suite), dressing room en suite to principal bedroom, 3 receptions, large reception hall, well fitted kitchen/breakfast room, cloaks. Garage. Large garden.
Price on application for Freehold. Sole Agents
Wimbledon Office. Tel: 01-946 0081/6464



ADMIRALS WLK, H'STEAD, N.W.3.
An important historic house of quality located in Hampstead Village. Built circa 1700 and steeped in history, this fine property offers spacious and flexible accommodation together with delightful walled gardens, 3 car garage and detached squash court.
Substantial offers invited for Freehold. Sole Agents.
Hampstead Office. Tel: 01-794 [illegible]

SOUTH EATON PLACE, S.W.1.
A well presented ground and 1st floor maisonette in an attractive period building just off Eaton Square. In good order with roof terrace, reception room, dining room, 3 bedrooms, 2 bathrooms, kitchen/breakfast room, cloakroom and balcony.
£[illegible], Lease 54 years. Joint Agents: Hampton & Sons, London Office. Tel: 01-493 8222 and Lassmans Tel: 01-[illegible]

STANLEY CRESCENT, W.11.
Bright and spacious 2nd floor flat in well converted period building with direct access to most beautiful gardens. Entrance hall, reception room, kitchen, 2 bedrooms, bathroom, lift, Ind CH. Communal gardens.
£[illegible], 84 year lease.
London Office. Tel: 01-493 8222.

6 Arlington Street, St. James's, London SW1A 1RB. 01-493 8222

Sevenoaks Station 6 miles, Cannon Street/Charing Cross ½ an hour, M20 4 miles.

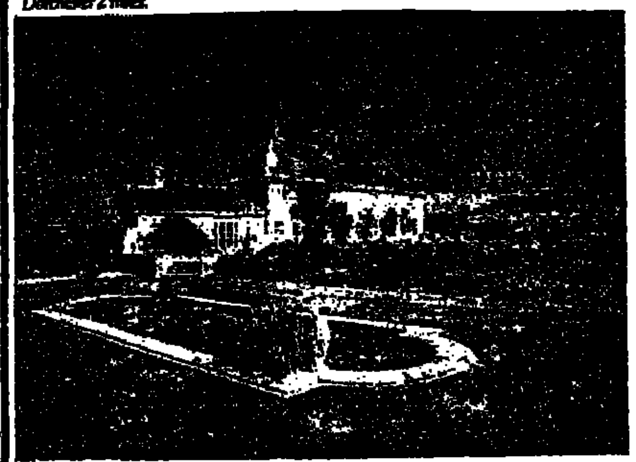
Fine Queen Anne house with beautiful grounds and views on the edge of this popular village.

Galleried hall, 3 reception rooms, playroom, kitchen, master bedroom suite, guest bedroom suite, further 3 bedrooms, 2 bathrooms, 3/4 secondary bedrooms. Oil central heating.

3/4 bedroom cottage. Period barn. Hard tennis court. Swimming pool. Garden, pasture and woodland.

SAVILLS, 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ. Tel: 01-499 8644.

Dorchester 2 miles.



THE WHITCOMBE MANOR ESTATE
(including the Lordship and Rights of the Manor of Whitcombe).

Highly profitable arable farm.

Manager's House and 3,000 tonnes grainstorage.
Substantial residential properties including:
Listed stone Manor House and private hamlet of Whitcombe.
(7 thatched cottages and 2 large barns).

SAVILLS, 20 Grosvenor Hill, Berkeley Square, London, W1X 0HQ. Tel: 01-499 8644.

SAVILLS, Wessex House, Wimborne, Dorset, BH21 1PB. Tel: (0202) 887331.

M40 (exit 1) 1¼ miles, M25 2 miles, M4 7 miles, Heathrow Airport 9 miles.

Imposing country house with swimming pool complex and lodge.

Hall, 4 reception rooms, domestic offices, cellars, 7 bedrooms, 4 bathrooms, 2 ensuite, shower room. Tennis court. Garages. Gardens and paddocks.

Joint Agents: HETHERINGTONS PRETTY & ELLIS, 34 Packhorse Road, Gerrards Cross, Buckinghamshire. Tel: (0753) 886666.

SAVILLS, 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ. Tel: 01-499 8644.

Newark 4 miles, Nottingham 22 miles, Lincoln 18 miles, London 135 miles, (Newark – Kings Cross 1 hr 24 mins).

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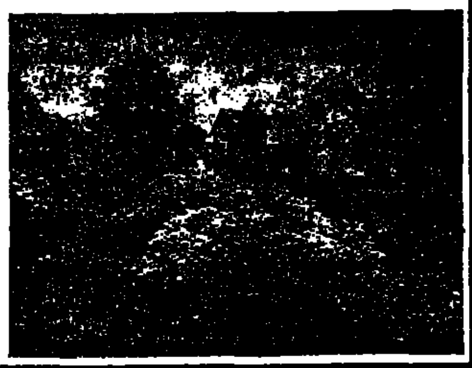

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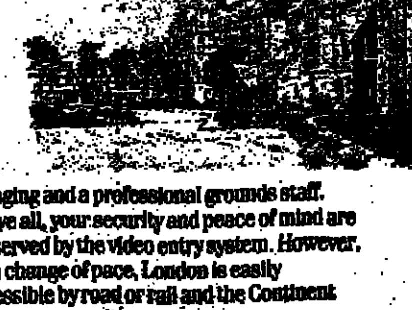

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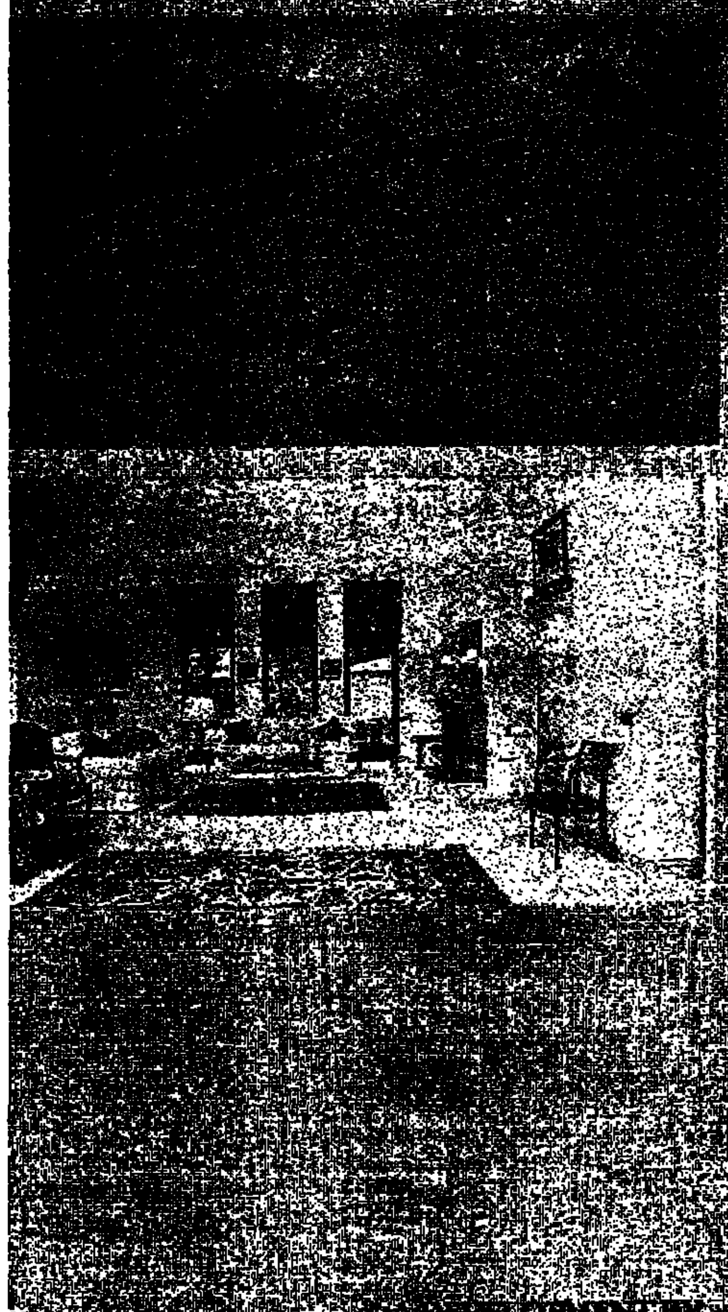

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Home Heating

About £7bn a year is wasted by heat losses in warming homes throughout Britain. **Elaine Williams** looks at ways of cutting fuel bills by up to 20 per cent

How to control bills

AS ENERGY Efficiency Year draws to its close, efforts to alert the public to the benefits of more energy-efficient homes have reached their peak. The Government's Monergy campaign has spent millions of pounds to tell householders of the £7bn wasted every year because Britons have failed to prevent heat leaving their homes through every draughty nook and cranny.

The campaign is run by the Energy Efficiency Office at the Department of Energy and this office has produced many leaflets which give advice on measures which can be taken to heat homes more efficiently and at lower cost. This could lead to cuts of about 20 per cent in the UK energy bill.

Home heating is the heaviest drain on domestic fuel consumption, accounting for about 35 per cent of the average fuel bill and the Government says that about 50 per cent of this portion could be saved if the public invested in a number of energy saving items.

In the past 10 years, for example, the technology behind home heating systems has improved sharply. Central heating boilers are generally more efficient and this coupled with electronic control systems to determine when and where heat is needed can account for a sizeable proportion of the total savings.

These controlled heating systems demand much more skill during installation to ensure that the boilers run at their maximum efficiencies and controls are effectively placed around the house.

By 1995 about 70 per cent of UK homes will have some form of central heating system. Newer installations will have the benefit of better boiler technology while systems of more than 10 years of age should either be considered for replacement or be fitted with controls.

Preventing heat escaping once it has been produced is the major area where savings can be made. In the average uninsulated home 60 per cent of all heat loss disappears through walls and the roof. Yet government grants are available to cover a substantial part of the material and labour costs for houses qualifying for roof insulation grants. Loft insulation is also one of the easiest ways to save energy with a quick payback time.

To press home the importance of insulation, October has been designated Wall Insulation Month. This month-long campaign will be launched by Mr Peter Walker, Energy Secretary, on September 29 and is an opportunity for insulation materials manufacturers and installers to promote their business and the benefits of cavity wall insulation.

About one-third of all heat loss is through the walls, so in theory, householders have a great deal to gain in insulating this part of the house. According to the National Cavity Insulation Association about 5.5m homes out of the 20m homes in the UK suffer from condensation and dampness.

In some cases, cavity wall insulation can alleviate the problem but in any form of installation, the effectiveness of such measures depends heavily on the professionalism of the installers. Some forms of insulation gained a poor reputation because they were badly installed and sometimes applied to houses which were not suitable for that type of treatment.

The various insulation associations have tried to stamp out bad practices and members have codes of practice of which it is important to be aware when considering wall insulation.

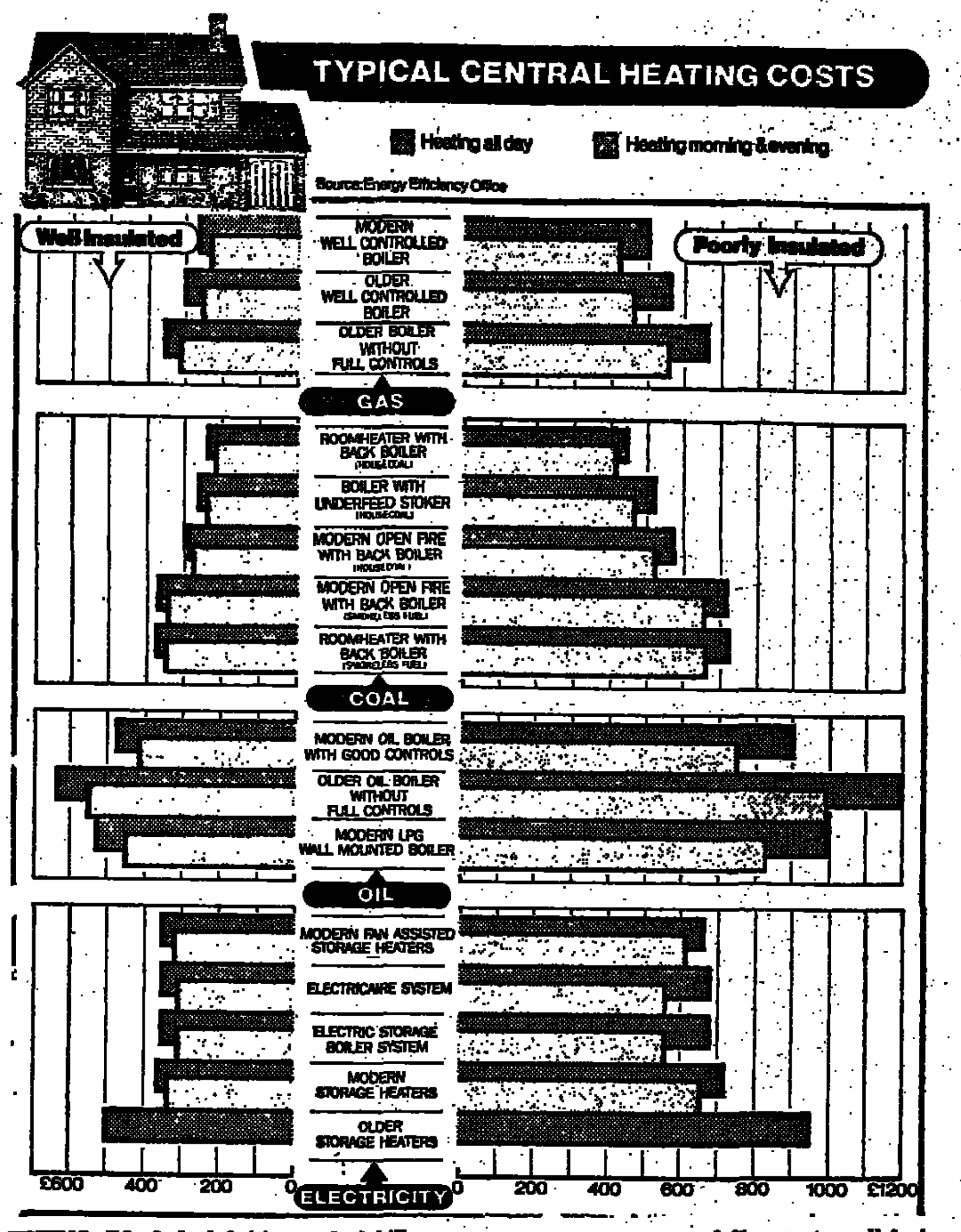
However, about 2m homes have cavity wall insulation which has resulted in annual fuel savings of about £150m.

The Government's campaign shows that simple measures such as draught proofing not only increases comfort by removing the odd cold spot but is also another way of saving on heating. But it also points out that other measures such as double glazing and other forms of insulation may not be economic unless factors such as the need to replace and repair windows, increased comfort and lower maintenance are taken into account along with the heat saving element.

Newer housing stock has benefited from upgrades in the Building Regulations which governs house construction in the UK. Present building techniques offer the choice of better insulated homes. To demonstrate this point Milton Keynes now has an exhibition of house designs which show what can be achieved with the right combination of good construction, energy conservation techniques and efficient heating systems.

Most existing buildings in Britain compare badly with their European counterparts and the organisers of the Milton Keynes park have developed an energy index to prove it.

The £50m Milton Keynes Energy Park opened at the end of August is a hopeful sign that new housing is better insulated and runs on more efficient home heating systems. More than 50 homes being built with existing construction techniques demonstrate that British homes can compete with some of the most energy efficient buildings found elsewhere in the world.



TRYING TO find definitive cost comparison for the main fuel sources is like trying to guess the winning combination for the football pools. Carefully chosen conditions mean that statistics from the oil companies and utilities tend to show each in a favourable light.

They are aided by the fact that assessing energy costs is not a simple matter. Any calculations require that certain factors be taken into account. Heating requirements vary according to the type of energy conservation measures installed and the local climate conditions (see diagram). Logically, householders in Scotland are likely to pay at least 20 per cent more than the average; while those living in the south-west of the country pay nearly 10 per cent less than the average fuel bill.

The Energy Efficiency Office has produced four brochures covering oil, gas, coal and electricity fired heating systems. It demonstrates the likely range of heating costs for 13 typical types of home from flats, to terraced, semi and detached houses of various ages. The EEO takes into account the various heating options for each fuel; the age of the installation and whether or not the dwelling is well insulated.

Taking a well-insulated large detached house of 149 sq metres in area as an example, the costs for heating vary from £270 to £305 for gas; £235-£350 for coal; £455 to £480 for electricity and £245 to £500 for oil on an annual basis. While looking at a smaller home such as a mid-floor flat with an overall area of 61 sq metres all fuels are more competitive with the most expensive fuel likely to result in yearly heating bill of £145 and the cheapest about £90.

As most homes already have some form of heating system, the question is more of "How much will I save in running costs by replacing my old system?" Again the answer is not easy. The Central Heating Energy Efficiency Confederation, which represents central heating manufacturers, has estimated in its study on energy savings through new or replacement systems that the country could save approximately 5 per cent of total domestic energy consumption. It has compared boilers of various ages (see table) and its calculations show that fuel savings for individuals can be 20 per cent or more.

Potential for energy saving

(By replacement and upgrading of systems over 10 years old)

System	Age*	Saving—Therms per system	No. of systems	Total potential saving therms (m)
Gas	10-15 years	260	1,445,000	375
	15 years+	313	841,000	263
Oil	10-15 years	240	218,000	52
	15 years+	203	108,000	22
Solid fuel	10-15 years	174	228,000	40
	15 years+	174	273,000	47
				799

* In 1984.

Source: Central Heating Energy Efficiency Confederation.

Central heating boilers

The quest for efficiency

BOILER manufacturers are faced with a fairly stagnant sales market. More than 55 per cent of 700,000 or so sales of boilers in the UK are replacement boilers so the energy efficiency drive is important to encourage more householders to forsake their ageing central heating boilers for more efficient models.

In the past 10 years, gas has become the dominant form of central heating fuel. In the UK, there are estimated to be about 10m gas central heating boilers, just under 2m electrically heated homes based on storage radiators and similar devices, about 1.4m solid fuel based systems and just over half a million using oil.

With approaching 70 per cent of homes now having heating systems, many central heating boilers are becoming ripe for replacement as they are more than a decade old. These older boilers have been superseded by smaller and more efficient types.

In general, all types of domestic central heating systems based on boilers have become more efficient over the past 10 years. Gas boilers installed today would be expected to have an efficiency at full load of up to 80 per cent compared with 70 per cent a decade ago.

Oil-fired boilers have increased in efficiency by a similar amount while solid fuel types are now up to 75 per cent efficient—an improvement of about 5 per cent in the same period.

There have been several factors behind these improvements such as better technical designs, closer matching of the boiler output to the heating demand, better boiler controls, and more efficient pumps.

Older boilers tend to be far too big for the houses they serve. The boiler size was often calculated with a 10 per cent "safety margin" and for a quick warm up. But a boiler is at its more efficient when it is operating at its full load. So improvements in draught proofing and insulation to older houses has tended to make these already oversized boilers even more inefficient.

As the number of kitchen appliances fighting for a place in the crowded kitchens has grown, boiler manufacturers have introduced compact units which can fit on the wall rather than the floor.

The most common reason why people change their boilers is because they are re-designing the kitchen and want to save space. In fact, wall-mounted boilers are taking an increasing share of the market and now account for about 60 per cent of sales.

Attractive though these units are, it is the technical improvements which are the most important considerations when choosing a new device.

For gas boilers, the latest development in the UK market has been the recent introduction of two new boiler types — the combi and the condensing boiler.

The combi is a type of boiler which has been available in other parts of Europe for at least 15 years. It is a combined boiler and instantaneous water heater which, because it is

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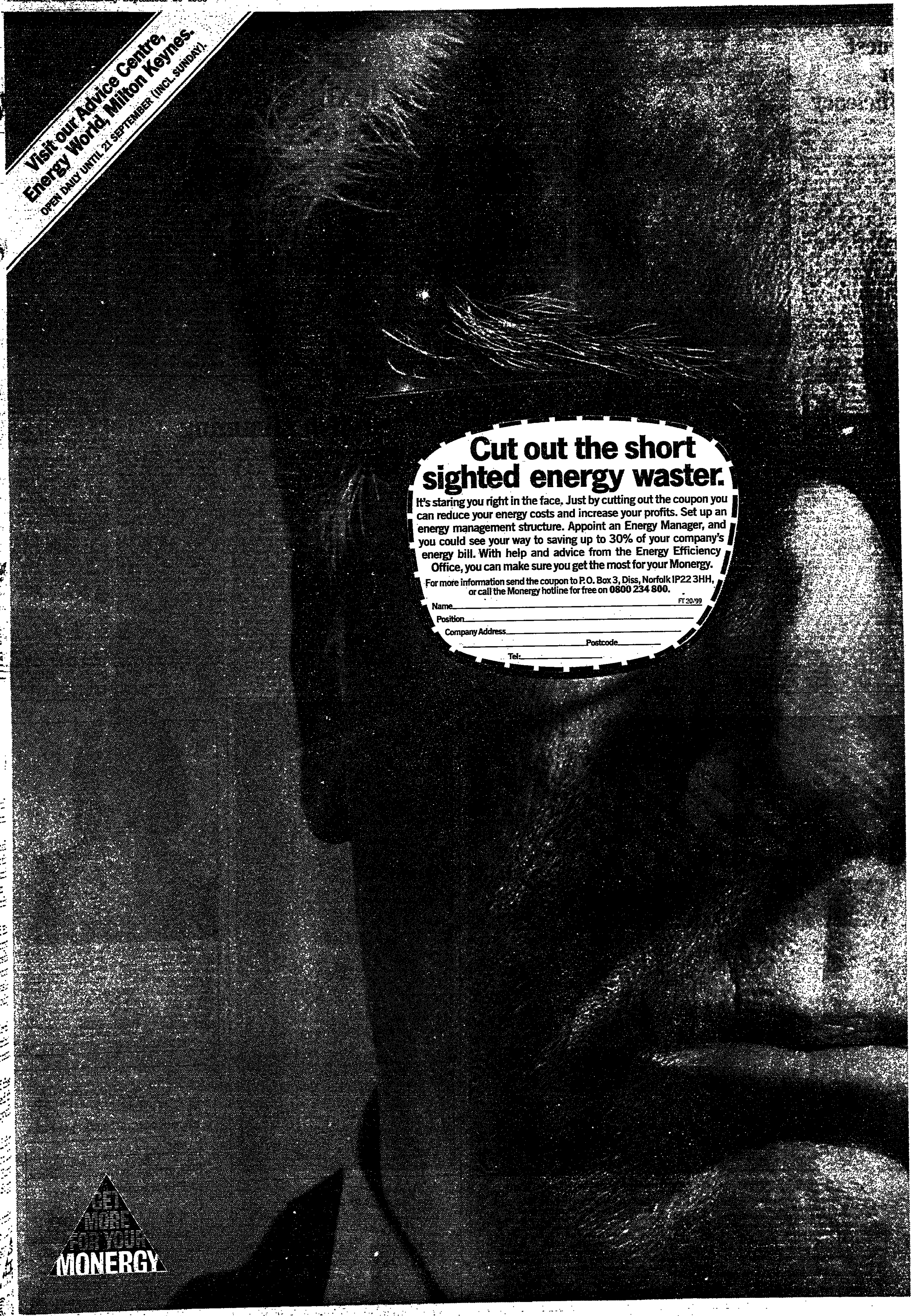
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Quest for efficiency

CONTINUED FROM PAGE XIV

linked directy to the mains water supply, does away with the need for a cold water storage tank and hot water cylinder. This reduces associated heat losses and installation costs.

Hot water is always instantly available but the combi unit is generally slower in filling a bath, for example, than conventional boilers and there is generally only sufficient flow to supply one hot tap at a time.

However, they have been gaining in popularity during the past year or so and Valiant is a major supplier in the UK.

The condensing boiler is the other major new entrant in the UK home market boasting the highest efficiency of any boiler on the market today. In some cases efficiencies of over 90 per cent are possible with this design. But its disadvantage is that it is the most expensive type of gas boiler—being £100 plus more costly for the smallest sized unit—so lengthening the pay back time of the total system.

In this type of boiler, the hot exhaust gases are recycled through a heat exchanger to extract the heat which would otherwise be vented to the outside of the house. Trisave, a young company based at Hinckley in Leicestershire, is one of the pioneers in this market though it does have at least one other British competitor in the shape of Stelrad, a major UK boiler manufacturer, and several French companies have models on the market.

British Gas has encouraged UK companies to develop boilers specially for the home market because of the different climatic conditions prevailing in Britain compared with the continent where winters are general 10 deg Celsius colder. Thus European versions of the condensing boilers tend to be oversized for the job they need to do in British homes.

British Gas has, over the past 18 months, been evaluating the performance of UK-designed condensing boilers installed in 1,000 homes in the UK. Although the final evaluation has not yet been made, it seems likely that British Gas will continue to support this technology because of the commitment the corporation has made to this technology and the potential savings to customers over the next few years.

Even the modern conventional gas boilers have benefited from improvements in technology which have contributed to an overall increase in efficiencies. Many new models are fan-assisted and have a balanced flue which has reduced the size of the external chimney or flue needed for drawing in air and expelling exhaust gases to the outside of the house.

Also the more modern gas boiler has become more convenient in that many models have eliminated the need for a permanent pilot light with all the associated difficulties in trying to light the pilot after a holiday. The electronics control system usually built into the boiler automatically fires up the boiler according to a pre-set sequence.

For heating with electricity, many central heating systems make use of Economy 7 (or of the white meter tariff if you live in Scotland) which makes use of cheap rate electricity supplied during a seven-hour period at night. Economy 7 is about two and half times cheaper thant the on-peak rate.

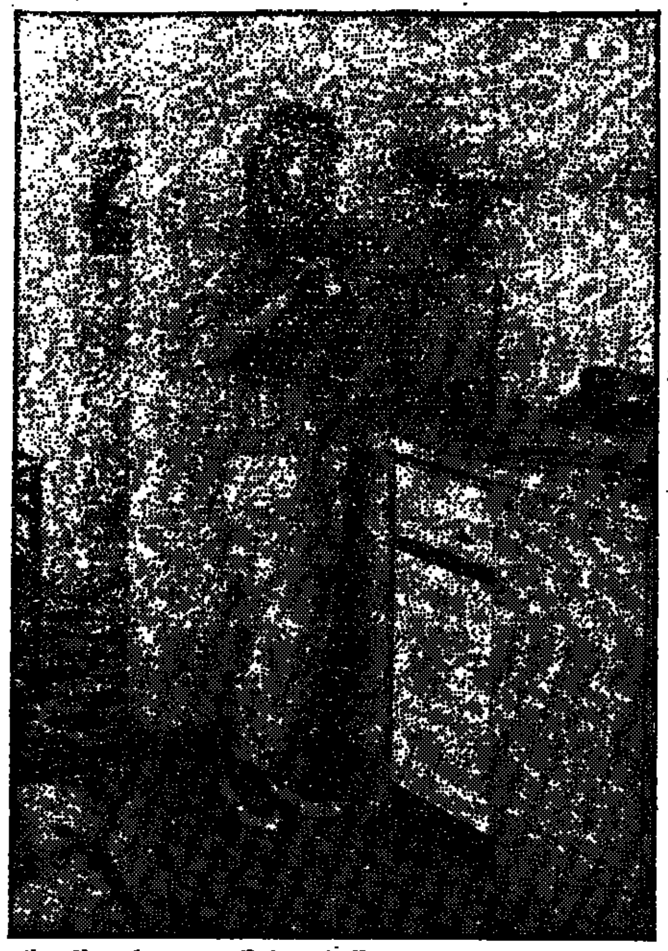
Storage heaters tend to be used with this cheap rate to provide a central heating system. Modern devices have become more efficient and slimmer in shape. Also they are now usually supplied with an automatic charge control which can sense the night temperature and decide how much heat the house is likely to need the next day.

For electricity users, there is also the Electricaire system which is more expensive to buy than conventional storage heaters but is a more flexible system in that there is more control over the heat supply.

Electricaire systems have one large heat store in the centre of the house and warm air is pumped from this stored as it is needed. It is possible to control the amount of heat stored and the system can be linked to an outside temperature sensor to ensure that the system will automatically store more heat in colder weather.

Another alternative for the electricity consumer is the electric storage boiler central heating systems again designed around a central heat store but in this case the heat is distributed by circulating water from the boiler to radiators as in any other boiler system. One of the most popular types to come on to the market is the GEC Nightstor which comes in the 250, 100 or 60 models.

Solid fuel boilers are efficient and tend to be competitive with gas and off-peak electricity. The main snag has been the fact that they need to be refuelled and ashes have to be regularly removed. Many companies have developed the hopper fed boilers which can require refilling only one each week. The Coalflow boiler is a development which feeds coal mechanically into the boiler and can run for up to one week without refuelling. This system will become available throughout the UK by the winter though it is now on sale in the Midlands.



Small and more efficient boilers can now be hidden more easily in the kitchen. This gas-fired model is the Kingfisher II from Potterton

Controls

Flexible devices

THE INVASION of the electronic circuit into home heating offers the householder a more comfortable and cheaper existence. Most of the early oil and gas-fired systems were controlled only by a boiler thermostat and either a manual switch or a simple time control.

Today, the minimum recommendations are a time control, thermostatic control of domestic hot water, and separate thermostatic control of space heating, says Mr Hal Roake, a boiler specialist, a consultant for the Central Heating Energy Efficiency Confederation.

This is reinforced by Mr Ron Ayers, a control expert who works as a consultant for the Hevac Control Manufacturers Association. In a recent study carried out on domestic controls, Mr Ayers estimated that, in homes where central heating systems had no controls, saving in energy consumption through the use of controls could be as high as 35 per cent while in houses with only the basic controls could make 15 to 20 per cent savings by upgrading.

Controls help to make savings in a number of w---. They can ensure that the ot water in the tank is not overheated. Without a thermostatic control on the hot water storage then the water tends to increase to that of the boiler output temperature. This means that water coming out of the taps can be dangerously and wastefully hot.

Room and zone controls can maintain different temperatures according to the use of the rooms. Bedrooms do not need to be as warm as living rooms, especially during the day. Kitchens, which have heat generating devices such as ovens also need lower control temperatures than other parts of the house, for example. Some controls can also regulate the internal temperature according to the outside conditions.

Controls also can regulate the time when the central heating is on. Today's central heating timers have a seven day clock to allow times of operation to be different for every day of the week. There are a number of major makers of various timers which include Honeywell, Randall Electronics, AMF International, Appliance Components, Danfos, Myson, Landis & Gyr, Sangamo, Pegler Sunvic, Drayton Controls, Horstmann, Towerchron, Smiths and Potterton.

Until recently most timers were electromechanical but the silicon chip has transformed the appearance of these devices into streamlined pieces of equipment crammed full of digital displays and pushbutton controls.

The advantages of electronics compared with electromechanical timers are separate programmes for each day of the week, a larger number of heating periods, in one case up to 48 in one day, and more control between water and central heating cycles.

Potterton has recently set up a small factory in the UK since its diversification into central heating controllers in the shapes of its EP2000 and the EP3000 seven day programmer. Potterton now claims to be one of the few companies that is able to supply both the boiler and the control system in a single package.

Time controls save energy by giving more flexibility, ensuring that the house is heated when it is occupied, rather than at fixed times. Hence the growing popularity of the seven-day timers. For example, reducing the on-period of the heating system from 16 hours to 9 hours a day can achieve a saving of about 15 per cent over a year.

Honeywell, one of the leading domestic and industrial control companies, has recently launched the AQ6000 which gives the home owner three temperature levels, six time changes a day plus a work day or rest day programme, all fully selectable for the seven days of the week.

Other devices that form part of the control system include room thermostats and thermostatic radiator valves fitted to individual radiators.

These can be used to handle heating the physical space in two basic ways. Room thermostats have to be carefully situated around the house. They can then sense the average temperatures of a particular room and can control a motorised valve on the heating system which adjusts the supply of heat to that part of the house. It is now common to zone areas using room thermostats and control valve according to the usage of rooms and the effect of external climate conditions on doors and windows.

Another way of providing zoning is to instal thermostatic radiator valves to individual radiators. Thermostatic radiator valves are also useful safety measures in children's rooms to prevent accidents with over-hot radiators.

The advantage of these devices is that they do not need any wiring, unlike room thermostats, so they are simple to fit. Often they can be a direct replacement of existing valves though the system still has to be drained.

Danfoss, for example, has recently launched the boiler energy manager, the BEM4000, which is particularly suited for systems with thermostatic radiator valves with no means of controlling boiler recycling. The device has two temperature sensors, one for outside and one situated near the boiler The idea is to match boiler "on" times with heat demand. The higher the outside temperature, the less the boiler is allowed to come on.

Home owners can opt for even more sophisticated heating controls such as the "Elfatherm" development by AEG in West Germany but marketed by Eurogauge in East Grinstead. This can monitor sensors connected to seven points inside and outside the house which can affect heating requirements.

However, the more sophisticated and costly the electronics controls become, the longer the payback period of the system.

Radiators

Stylish slimming

MAKERS OF household radiators for central heating systems face a difficult time in the UK market with the prospect of declining sales over the next few years. It is a tough business and companies have attempted to improve overall design and appearance of radiators to make them more efficient, smaller and more attractive to householders contemplating replacing older systems or for new installations.

Modern houses, for example, tend to have less space available for fitting radiators, so neater, less obtrusive designs are needed.

There are only a half a dozen UK makers of radiators — Stelrad owned by Metal Box, Thorn EMI Heating, Myson, Thermal Radiators, NuRad and CHS Keeling. They compete in a declining market estimated to be worth about £100m by the end of the decade against strong competition from overseas with Belgium and the Republic of Ireland being the largest importers. In 1984 the UK radiator business was worth £133m with Belgium taking 38 per cent of the market and Ireland 38 per cent.

The radiator business emerged as a major business about a quarter of a century ago. Its growth was coupled to the development of small gas-fired boilers and the use of lower cost pressed steel radiators instead of heavy cast iron ones. Also for the first time the price of central heating put this luxury in the affordable bracket.

A boom at the end of the 1970s in the UK market allowed foreign competition to increase its share of the market from 12 to nearly 30 per cent. More than 40 overseas companies compete in the UK sector.

Saturation point in overseas markets had been reached earlier than in the UK with the result that European companies were able to respond quickly to the sudden upsurge in UK demand.

Foreign manufacturers have also won market share by gaining a reputation for quality and delivering products to time. Now manufacturers are hoping that the replacement market will upturn because there is unlikely to be any sharp increase in new installations with the sluggishness in the house building sector and the approach of saturation in existing homes.

This difficult situation has forced manufacturers to think more innovatively about radiator design. It is not simply a lump of metal, oblong in shape that sits in the corner of the room — it can be curved or slim to fit the contours of the most awkwardly shaped wall.

Other metals such as aluminium — which can be extruded into aesthetic and pleasing shapes while conducting heat efficiently — are being used for radiator manufacture.

So it is possible to find suitable radiators by hunting around a bit that suit every home, style and taste. For example there are column radiators that can be used as room dividers; towel rail type radiators which can hang along walls, radiators so slim and small that they almost form part of the skirting board, panel radiators which can be mounted vertically or horizontally or which follow the curves of bay windows and even reproductions of old fashioned cast iron radiators to suit awkward Edwardian and Victorian homes.

While radiators come in all shapes and sizes they are intended to do different jobs. The radiators discussed so far are for systems where hot water is circulated in a closed system of pipes and radiators with heat supplied from a central boiler.

However, there are also radiators which run from the electricity supply. Storage radiators tend to be an alternative to so-called wet central heatings systems because they obviate the need for a boiler and provide space heating on a room by room basis.

This type of radiator has a solid core which is usually heated overnight by cheap off peak electricity and this heat is released slowly throughout the day. About 90 per cent of the night storage heaters now sold in the UK use Feolite, a highly efficient heat storage material developed by Capenhurst, the Electricity Council's research centre.

Feolite occupies 30 per cent less space inside a heater than previously used and this coupled with improvements in insulation materials has allowed manufacturers to build more attractive and unobtrusive units compared with the designs of the 1960s.

Feolite has certainly been successful for the electricity boards around the country with sales worth more than £20m a year for Feolite-based storage radiators while annual sales of domestic storage heaters seems to be increasing rapidly. Sales now stand at half a million units compared with only 62,000 10 years ago.

Storage heaters operate differently from other types of heating in that they release steadily and cannot be switched on and off like a fan heater, for example. Rooms tend to be maintained at an even temperature and because the room is kept at a certain minimum temperature there is less risk of condensation.

Modern storage heaters can also be controlled more easily. Some are fitted with automatic charge controls which senses the night temperature and decides how much heat is likely to be needed during the following day. On other systems, the user can adjust the heat himself.

Rather than have an electric storage heater in every room, householders can opt for an Electricaire heating system where there is only large heat store in the centre of the house and warm air is pumped around the house as it is needed. Like the storage radiator, this central store can be linked to an outside temperature sensor to store more heat during cold spells.

•WEEKEND FT REPORT•

Insulation

Escape hatches need eliminating

WHEN I complained about the cold in my crumbling Victorian semi, my husband used to tell me to stop moaning and to put on a thicker jumper. This was the only form of insulation we had to meet the onslaught of winter.

Today, the picture is much rosier. The installation of loft insulation and double glazing coupled with a new central heating control system to replace an ageing and temperamental boiler has reduced the fear of both fuel bills and the chill north wind.

Timber frame houses built since the early sixties have a much higher standard of insulation than homes constructed before this date so owners do not have to worry so much about keeping heat in.

For older forms of housing, householders have the choice of several methods when it comes to improving the insulation property of their homes. It ends up as a combination of loft, floor or wall insulation, insulating hot water tanks and pipes, draught proofing and double glazing.

Cost of the various options, coupled with the likely payback times and the disruption during installation, are really the most important factors which determine the choice.

Generally, the cheapest and simplest forms of insulation give the quickest return on investment. Often local government grants are available to cover a large proportion of the cost.

The roof is one of the major sources of heat loss in the home so loft insulation is important. It can knock as much as 20 per cent off the heating bill but can be installed at a cost of between £60 for a small two bedroomed terraced home to about £250 for a four bedroom detached house. However, loft insulation can pay for itself in less than two years.

Loft insulation materials are widely available at DIY outlets.

Although 70 per cent of housing in the UK has some form of loft insulation, much of it is too thin to be effective and a depth of 100mm insulation is recommended.

Installing loft insulation does cool down the temperature of the roof space so water tanks and pipes in the roof space also have to be insulated to prevent them freezing up in the winter.

Ready made hot water tank jackets costing around £8 are simple to do and can reduce heating bills by as much as £70 a year because a snugly fitting tank jacket reduces heat losses by up to 75 per cent.

Draught proofing is another do-it-yourself job which has effective energy saving results while also increase comfort in the home by eliminating cold spots. The average home can be draught-proofed for about £100 or less.

Once these energy savings measures have been taken, improving home insulation further generally becomes more difficult and costly. For example, even with the cheapest forms of double glazing, the payback time can be between five to 10 years. Often the time to install double glazing is when windows have to be replaced in any case and is best installed in rooms which are kept the warmest.

Up to 35 per cent of total heat loss in the average home escapes through the walls and suitable insulation can save up to 66 per cent of this loss. But it is at a cost. Householders can expect to pay up to £3,000 for wall insulation.

Insulating walls generally falls into two categories for cavity or solid walls. Most homes built since the 1930s have cavity or solid walls. Most homes built since the 1930s have cavity walls while older houses have solid external walls. Today houses built with cavity walls are insulated during construction.

Cavity wall insulation acquired an unfortunate reputation due to some poor installations coupled with a certain cowboy element among contractors. Insulation to cavity walls has to be installed professionally; otherwise it could lead to damp problems. Also some forms of cavity walls are not suitable for this type of insulation.

Solid walls pose another problem: Should the insulation be applied internally or externally and will the benefit justify the outlay? Applying insulations to the outside of a house is the most expensive option for solid walls and the local authority may specify planning permission before the work can be carried out.

Floors, too, can be insulated but the benefits have to be carefully weighed against cost. Sometimes buying a thick carpet is sufficient insulation as only 10 to 15 per cent of heat loss may be lost through the floor.

Where to find information

Energy Efficiency Centre
The Building Centre
26 Store Street
London WC1E 7BT
Tel: 01-637 1022

Eurisol UK (Association of British Manufacturers of Mineral Insulating Fibres)
St Paul's House
Edison Road
Bromley, Kent BR2 0EP
Tel: 01-466 6719

National Cavity Insulation Association

Draught Proofing Advisory Association Ltd

National Association of Loft Insulation Contractors

External Wall Insulation Association

All can be contacted at this address:
PO Box 12
Haslemere
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Tel: 0428 54011

Glass and Glazing Federation
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GRANTS FOR INSULATION

Some houses are eligible for grants under the Homes Insulation Scheme. Such grants are usually only applicable to houses built before 1975, for which no previous grants had been given and where insulation is less than 30mm thick.

Grant allowances are 66 per cent of the materials cost and labour up to £69. Elderly, disabled and low income families can receive up to 95 per cent of materials costs and labour up to £95.

New Housing

Built-in conservation

ONE OF THE most promising areas for energy conservation in home heating is in the new homes market where such factors are taken into consideration at the design stage.

To prove this point, architects, builders, equipment manufacturers and utilities joined forces last month to launch the Energy World exhibition at Milton Keynes. This is a complex of 53 homes from 32 developers designed to be a showcase for energy conservation technology. Some of them are for sale at the end of the exhibition, which lasts until today. The organisers have also planned an Energy World Business Week to start on September 27. It has a theme for each day. September 27: Solar Day; September 28 Home Products Day; September 29 International Day; September 30 Energy Efficiency Day; October 1 Housing Construction Day.

The point of the exhibition was to show that the technology exists in Britain to build more energy-efficient homes. The organisers asked designers to meet a stated energy cost index. This index is an estimate of a house's total energy running costs per square metre under certain conditions of occupancy and use.

The index is estimated from the type of house, its insulation standards, the type of soil on which it is built and its aspect to the sun. Normally the index varies between 70 to 250. The *lower the figure* the more energy-efficient is the home.

At Energy World, all houses have to be lower than 120 on this scale. For example, the British gas sponsored Gas Warm Balmoral three bedroom house with a warm air heating and recovery system has an index figure of 72.7—reckoned to be one of the most energy efficient homes on the Milton Keynes site.

In the UK, building regulations produce, on average, new houses with an energy index of 170 which does not compare favourably with houses in other countries. West German building regulations are 20 points lower while Scandinavian homes do better with an index of about 100 or less.

Despite Britain's low performance when it comes to energy savings conventional building techniques available in the UK can result in well insulated, energy efficient homes.

Another way of cutting down on heating bills is to design a house so that it faces in the right direction to make the most of the available sunlight. It sounds obvious, but only in recent years have architects become interested in the idea of passive solar heating to reduce home heating costs. There are already examples of new buildings employing this concept around the UK as well as at the Energy World exhibition.

In passive solar heating, architects add conservatories or large windows on sunny south-facing aspects. This then makes use of the "greenhouse" effect providing extra warmth in autumn and spring periods which cuts down the demand on the central heating system. Similarly, architects cut down the number of windows on north-facing walls and increase insulation on these aspects which are most affected by cold winds to reduce heat losses.

Many of the houses at Energy World use conservatories or lobbies with large window areas on south facing walls which form useful and attractive spaces for the family.

Another sensible design practice which has come back into *fashion* is the draught lobby. Here architects ensure that internal and external doors do not open directly onto the same space which could result in cold draughts. There are several examples of this at Energy World including an exhibit from developers John Mowlem and Company and architects Phippen Randall & Parkes, which uses draught lobbies at the north entrance of its four-bedroom house, and Salvesen Homes which is also demonstrating a similarly-sized home.

Passive heating also comes in the form of the Trombe Wall. This is simply a wall with a sheet of glass placed in front of it. This heats the air space between the glass and the wall and the resultant warm air can be circulated around the house. An example of this construction has been built at Energy World by Thorncroft with architects David Gabriel Design Partnership.

Another unusual design from Hobbs Architects and Abbey National as developers uses another form of passive energy device called earth berms—a berm being a rather fancy name for an earth bank. North, east and west facing sides of the four bedroom executive style house have earth banks which help *reduce heat loss in winter* and maintain cool walls in summer.

Having built houses that keep heat in, the designers have also paid careful attention to heating sources.

Out of all the houses on the Energy World site, 47 are fuelled by gas which reflects the overall dominance of this as a fuel in the UK as a whole. The three houses sponsored by British Gas use the type of boiler based on the condensing principle or as a combination boiler.

Other central heating systems include a solid fuel "high amenity boiler" which has been developed jointly by British Coal and leading appliance manufacturers, an Economy 7 electric heating system, and underfloor heating systems supplied by a gas-fired boiler and solar panels.

Various forms of heat recovery can be employed in the home to re-use otherwise wasted heating. Hoxby House, Denmark's largest house builder, has constructed a four-bedroom chalet bungalow at the Milton Keynes site which includes a heat recovery system. Here, heat is reclaimed from the bathroom and kitchen through a series of ducts. This heat is then used to provide hot water and ventilation.

Architects Nilsson Associates and developers Stepnell, using a combination of Swedish and British construction techniques are showing a heat exchanger in the three-bedroom demonstration home they have built at Energy World. In this house, a built-in ventilation system extracts moist air, passes it over a heat exchanger which transfers more than 80 per cent of the recovered heat to the incoming fresh air.

Most striking of all, Energy World shows how, with a little thought, existing construction techniques can produce attractive, well-insulated homes with heating systems at an economic cost.

Alternative Energy Sources

Still an exotic area for UK research

FOR MANY reasons, some householders may seek a true alternative to conventional heating sources. For some it may be remoteness from gas or electricity grids; for others, it may be the desire to use a non-polluting, renewable form of power.

In Britain today such alternatives tend to be expensive and may not always provide a constant source of power. The Government's attitude towards alternative energy, such as wind, wave and solar power, has left researchers generally underfunded. While some large wind-power generation schemes exist in Britain, smaller generation equipment for private homes and small communities have been left to private companies.

So, technologies such as wind power generation and solar cell arrays are deemed to be expensive and rather exotic for British homes. Wind and solar power suffer in that they are systems which cannot guarantee a continuous source of power so expensive battery back-up is always needed to cover times when power generation is lacking.

Small wind power generators have been developed in countries such as Sweden and Denmark and designs exist in the UK.

However, most wind generators, especially those which have been backed by various governments around the world, tend to be large systems designed to connect into the electricity grid. There are a few makers of small power versions to supply individual homes such as SVIAB in Sweden. But these units tend to generate only enough power to service lighting and a few low power consumption appliances such as refrigerators.

Intermediate wind turbines which supply more than one home seem to be a possibility and one of the houses at the Milton Keynes Energy World exhibition uses a combination of solar and wind power. This is thought to be the first project of its type for housing which links the two forms of alternative energy.

Solapak, a small British company based in High Wycombe, has designed the solar power part of the house which even powers a fountain in the garden.

At present, only one house is powered by the combined system though nine houses are eventually planned for the site. Each house has a bank of solar arrays set into the conservatory roofs. The output of the arrays goes to a central control building where the power is distributed around the network. The central control building also has a 27 sq ft array on its roof.

The wind generator also links into this control grid. It has 30-ft diameter blades and is mounted on a 60 ft high tower at the Energy Park. Total output of the two systems is 30KW. The £500,000 project has been funded 40 per cent by the Energy Directorate of the European Community. The Department of Trade and Industry in the UK has also promised to contribute to the cost.

A more common form of heating in Scandinavia and Europe is the heat pump. But it has gained very little headway in the UK domestic market. Four years ago, it was estimated that fewer than 5,000 homes had heat pumps and forecasts were that this would rise to 200,000 installations by the middle of the decade.

Heat pumps — which have proved to be economic in many industrial applications—operate rather like a refrigerator in reverse. They can take low grade heat from the atmosphere and upgrade it sufficiently to provide heat and hot water.

Such equipment really comes into its own in district heating applications and for larger houses where there is a requirement for lots of hot water. Though prices have dropped over the past few years they are still too expensive for the average three bedroom semi-detached homes when compared with more conventional heating systems.

DIVERSIONS

Collecting

Echoes of a distant battle

ECHOES of the distant rumble of gunfire from the Zulu wars of the last century will be heard in London's Cavendish Hotel next Friday when Spink, the leading fine-art dealer, will auction a Victoria Cross won at Rorke's Drift in Natal.

There is nothing particularly significant about a VC coming under the gavel, despite the medal's exclusivity—only 1,354 have been awarded since its inception in 1856. Three or four reach the market every year.

This particular medal, known as Dalton's VC, after the man to whom it was awarded, is unusual in several ways and has created great interest in the collecting world. Rorke's Drift is not only one of the army's great battle honours but is also the engagement when the largest number of VCs — 11 — were awarded for a single action. Dalton's VC stands out even in this group because it was awarded some time after the other 10 had been promulgated as a result of public pressure.

The medal is therefore badly wanted by the Royal Corps of Transport, successor to the regiment in which Dalton served. The Corps has the four other VCs won by its officers and men at its museum in Buller Barracks, Aldershot, and hoped to acquire the Dalton cross privately from the estate of David Spink, former head of the company. It is upset that its advance was rebuffed.

"We asked Mrs Spink, his widow, either to be presented with the medal as a donation, offered it on permanent loan with the family retaining ownership, or allowed to buy it privately before the sale at a price independently valued," according to one senior officer. "Sadly, we were refused. It was a great disappointment."

The difficulty was that the will stipulated the medal should go to auction. The executors' hands were tied.

The regiment will almost certainly be challenged by a number of collectors, though no-one knows quite how many, or how affluent they will be. "The difficulty about the market for medals," according to Andrew Litherland, assistant manager of Spink's medals department, "is that a lot of collectors keep very much to themselves. Someone with an interest in South Africa, or the Corps of Transport, or Dalton, someone we know little or nothing about, could come out of the blue and outbid everyone. Medals are an investors' market. People tend to buy to hold rather than buy for capital gain."

Litherland thinks the Dalton VC could fetch about £30,000. But when the Nicolson VC came up for auction three years ago—the only one to be awarded to a pilot in the Battle of Britain—the RAF Museum was so desperately anxious to obtain it that the bidding went to a record £110,000.

James Langley Dalton was transport and supplies officer to B company of the 24th Regiment of Foot, subsequently the South Wales Borderers, as they pushed north out of Durban in 1878, establishing supply posts on the route to the Transvaal.

For the 139 men of the detachment that summer January day the going was slow and tiring, dictated by the pace of the oxen pulling the supply wagons. It was hot and the dust was suffocating. At Rorke's Drift, they received the news they most feared. The previous day, at Isandhlwana, a force of 20,000 Zulu warriors had massacred the entire troop of 1,200 British soldiers. About 4,000 Zulus had detached themselves from the main force and were approaching Rorke's Drift and the small party of the 24th Foot.

The first reaction of Lt Bromhead, leading the detachment, was to retire. Dalton persuaded him to stand and fight and then, by organising the defence, saved most of the men's lives. The maximum speed the soldiers could retreat, he pointed out, was governed by the oxen, not much more than 2-3 mph. The Zulus could half-march, half-run at two to three times that speed. Defend a fortified position, he urged, rather than be caught in the open, which invited certain massacre.

Dalton, though not an infantryman, was an old sweat. He had served in South Africa before and knew how to fight. His strategy was right. By the time the Zulus retired after a bloody night they had lost 400 warriors. The 24th had losses but most of them were alive and 10 were subsequently awarded the VC.

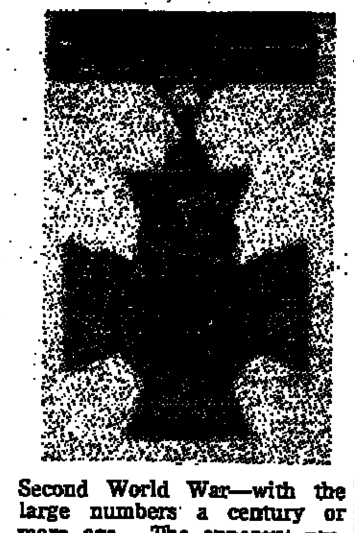
Dalton's name was not among them, an injustice according to the privates whose lives he had saved. The first manifestation of their regard for him came not long after as B company of the 24th Foot was marching through Durban en route for the dockside and embarkation. Dalton had joined the crowd waving to the troops, who recognised him. To a man, breaking with army tradition and all discipline, they cheered him as they passed.

News of Dalton's role quickly reached London and when 10 VCs were promulgated without any provision being made for him there was something of an outcry. Questions were asked in the Commons and eventually Queen Victoria rectified what was seen as a glaring omission. Dalton became the only man to have received the award as a result of public pressure.

The medal was introduced after the Crimean war because there was no way in which all serving men (and now women) could be rewarded for bravery. Campaign medals had been instituted as an I-was-there recognition in 1808 but the only reward for bravery was the Order of the Bath, and this was restricted to senior officers.

Queen Victoria therefore acceded in 1856 to a request to institute a medal which could be presented irrespective of rank and on a very hot day in June 1857 she decorated 62 men in Hyde Park and presented the award to the relatives or descendants of another 50.

It is sometimes difficult to reconcile today's exclusivity — only two were awarded in the Falklands, just 182 in the



Second World War—with the large numbers a century or more ago. The apparent proliferation in its early days was entirely due to its universality. The VC was for a long time the only gallantry medal. There was nothing else the men at Rorke's Drift could have won.

Casting the medal remains the responsibility of Hancocks, a London jeweller, which produced the original ones. Until 1890 Hancocks cast the medals at its Bruton Street workshops in London's West End but this century it has sub-contracted the work.

The bronze medal itself is otherwise insignificant and cheap to make. "They probably cost £21," says David Callaghan, senior director of the company, "and we tend to have them made a dozen at a time for the Ministry of Defence. The Government needs a stock as they are occasionally replaced and sometimes, though infrequently since 1945, awarded."

Some counterfeiting is probably inevitable but Callaghan believes it is always possible to identify these, though he won't say how.

As the Royal Corps of Transport continues its fund raising efforts for the medal appeal it would no doubt differ from the judgment of The Times on the day the medal was first presented.

"Never did we see such a dull, heavy, tasteless affair. Much do we suspect that if it was on sale in any town in England at a penny apiece, hardly a dozen would be sold in a twelve-month. The Victoria Cross is the shabbiest of all prizes."

There are 1,354 men who would dispute the judgment and countless others who would support them.

Anthony Moreton

Europe under fire

TO MEDITERRANEAN eyes, a well-behaved British bonfire is an enviable postscript to the ravages of summer. In south Europe, forest fires have left their appalling scars on the landscape and the regions are counting the cost of the past 10 years.

It is a story to make any gardener or tree-lover tremble. In Spain about 200,000 hectares catch fire each year, in Italy an estimated 60,000, in France about 45,000. In the Midi the latest casualty is the little village of Auribeau-sur-Siagne. It was a poignant victim because its elder residents had already lived through an earlier fire in 1927. In a few hours the village's landscape became a charred wasteland. "Village of the apocalyse," the Press has been calling it. Why does it happen? Can it be controlled? Is it, as gardeners so often discover, an opportunity in disguise?

In Provence last week I found all sorts of culprits being proposed. Some people even blame the young firemen, as if the boys wished to start some action to show off their skills. Others blame an invisible "*lobby du feu*," made up of the captains of fire-fighting industries, people who wish to see a good blaze because it suits their business of combating fire, not preventing it. In the Alpes Maritimes, the departmental director of fire services puts the whole thing down to pyromaniacs: "Certainly," replies his opposite number in the police, "We arrest a few German tourists, and a few crackpots, but it is inconceivable that maniacs are behind the whole affair."

There have been 40 arrests for forest-arson this summer in France, and some of the victims have admitted they wished to see the firemen and water-cannons in action against a crimson sky.

But forest fires have always occurred without them. They are older than literature. Homer was already comparing the horrors of the Trojan War to the flames fanned by wind through mature oak trees. The Roman poet Lucretius blamed lightning, war and the bonfires of hunters who wished to smoke their prey out of the

Robin Lane Fox on the causes and effects of the conflagrations that destroy forests

woods. Lightning is still relevant, though nowadays people lay more blame on casual smokers and the sparks from forest saws. Hunters start a few fires, but usually in protest after a boundary dispute has banned their sport from an area.

Meanwhile, nobody knows what to make of the judgment of the great Greek historian, Thucydides. In his view, forest fires could begin when the wind caused the tops of tall trees to rub together and give off a spark. Thucydideans like myself will never believe the master to be wrong unless absolutely refuted by solid evidence: can anybody refute his account of the origins of this particular disaster?

It would be wrong to blame the growing scale of these tragedies on European negligence. It is 10 years since I last visited Provence, and the topic is now a public obsession. Water cannons and spotter aircraft are at the command of special fire brigades and departments, while there is some money and no end of research for methods of attack from ground or the air. Huge machines called Scorpions have been devised to cut and beat back brushwood in the fire's path. In the past 10 years, 400m francs have been spent on prevention in Provence alone.

Fire-fighters reflect ruefully on the growth of holiday homes. In the old days, watchful peasants policed forests which were their way of life. Now, fires spread through hillsides which are studded with second homes, swimming pools and irrelevant burglar alarms. Nobody sounds the alarm until it is too late.

Down in Grasse, the mayor of the city has been demanding sterner action — the death penalty for anyone convicted of open-air arson. But pyromaniacs, surely, are not people to be deterred by consequences. The hillsides have to live with a high degree of accident and human thoughtlessness. As a result, publicity seems a better remedy than penalties which fall after the event. Must it, meanwhile, be the end of well-loved landscape?

Burnt hillsides do sprout new saplings after three or four years, which will grow strongly in the old ashes if they are spared that second hazard, the nibbling goat. Goats, nowadays, are in decline, but it is also important to introduce less vulnerable trees and control the dry undergrowth by planting at manageable intervals. Much of the main firebelt is made up Aleppo pine and dry brushwood.

Cedars would make a safer replacement, as would planes and perhaps certain types of fir. The heart of the Mediterranean is waiting for imaginative landscape gardening, but it will only get it at a cost. Without much state aid, the villages who suffer have to coax their richest landowners to take on the expense. In return, they plan to offer building permissions on yet more land. Humans, eventually, prevent the landscape's regeneration. Long- and short-term, a fire means a permanent loss of green space.

Better to be safe

BEFORE container growing arrived to give gardeners the possibility of planting most things at any time of the year, there were two major planting seasons, one in the spring and the other in the autumn. March and April were the favoured times for planting most herbaceous plants, while autumn was mainly for bulbs, trees, shrubs and roses.

Within these two periods there were sub-divisions to meet the needs of particular plants. The more tender perennials and most of the summer bedding plants were left until May, when risk of radiation frosts at night or around dawn were less. Some perennials that were slow in recovering after being moved were planted in September (peonies were a notable example). Evergreens were planted in October while the soil was still warm but deciduous trees and shrubs were left until November, by which time their leaves would be falling fast.

These periods were not chosen arbitrarily. They were the ones which many generations of experience had shown were most favourable for each group of plants; the times when they would suffer least shock from root disturbance and would be likely to make the most rapid recovery. All that container growing did was to remove many of the hazards caused by out-of-season planting. It did not alter the fact that the traditional times are the best, both climatically and for the probable working condition of the soil.

They remain the only safe times for moving plants from the open ground and there are still many advantages in buying in this traditional way since, size for size, open ground plants are cheaper than container grown plants; a greater selection is available; and it is possible, although not usually very wise, to obtain considerably larger plants.

Open ground nursery plants are sometimes called bare root plants and that can be an absolutely literal description, although it is not ideal for their well-being. When I move plants from one part of the garden to another, I always try to retain as much soil as possible around the roots. If they are big plants, that can mean transplanting them with a very heavy ball of roots and soil.

I use all sorts of methods to deal with this problem. If the weight is not too great I might lift the plant into a wheelbarrow, trundle it to the new site, and then lower it carefully into a hole already prepared and sufficiently large to take its roots easily. If it is too heavy for that and no help is available, I might lever it out on to a large piece of sacking, an old rug, a discarded corrugated iron roofing sheet, or anything else that will serve as a makeshift sledge on which I can drag it where I want it.

In the old days, nurserymen used to prepare some difficult trees and shrubs, such as hollies and cypresses, by balling them — which means lifting them with a lot of soil and roots bound securely in hessian or polythene sheet. The increased cost of labour and transport has made this kind of treatment virtually impossible; and instead of trying to keep a maximum of soil on the roots, the aim now is usually to get as much as possible off to reduce the weight. This means that replanting must be done as quickly as possible — ideally, the same day — and that roots must be kept moist by shading or dampening or both.

What every experienced gardener knows, but beginners usually have to learn the hard

Gardening

way, is that it is not the big roots that gather food and moisture, nor even the thin ones, but the fragile root hairs that cluster along them. Lose those through clumsy handling or drying out, and re-establishment will be greatly delayed or even made impossible. Even while plants are on the ground waiting to be planted, it is wise to cover their roots with sacks or polythene.

With bulbs, which are the most immediate candidates for planting, you are faced with a different set of circumstances. Most, but not all, are accustomed to losing all their roots once a year and remaining quite dry for a period; and for these, lifting with soil is no advantage. What you do need to know is that some have a much shorter natural resting period than others and some have virtually none at all.

With just a few, of which snowdrops are the most obvious example, it is even better to treat them like ordinary herbaceous plants and transplant while they are still in growth. Many lilies respond to this kind of treatment; and the white Madonna lily starts to grow again so rapidly after its leaves die down in July that it is best to plant it in August.

The same is true of the autumn flowering colchicums and crocuses and also of sternbergias, the gold-flowered bulbs that look like crocuses but are quite unrelated.

The little bulbs and corms, such as crocuses, grape hyacinths, scillas, chinodoxa, pushkinia and the early flowering bulbous irises, all need to be planted as early as possible in the autumn season. Daffodils of all kinds also start to grow early. By contrast, hyacinths and tulips have a long resting season and will not suffer at all if stored until October, provided the storage place is dry and cool. What can upset them is getting damp or hot while out of the ground.

If you are able to pick your own bulbs in a store or garden centre, feel them one by one, judging how firm and heavy they are and rejecting any that are suspiciously light or soft. They are probably diseased or hollowed out by grubs. Daffodil bulbs are particularly likely to be attacked by maggots of various narcissus flies which feed out of sight within the bulbs.

Arthur Hellyer

Deathly doggerel

The second of two parts by Nicholas Parsons on the art of awful verse

THE CONTINUING story of bad poets writing in English passes across the Atlantic. And the American doggerel writers had their famous fans, too. Just as W. H. Auden was devoted to that British master of suggestive imagery, the Rev E. E. Bradford, Mark Twain was an avid reader of Julia A. Moore (1847-1920).

Twain admitted that her first volume—The Sweet Singer of Michigan Salutes the Public—had given him joy for 20 years, and paid her the dubious compliment of portraying her in Huckleberry Finn as Emmeline Grangerford.

She specialised in sudden death and lapidary bathos. "Julia is worse than a gatling gun," complained one critic. "I have counted 21 killed and nine wounded in the small volume she has given to the public." She also combined many of the qualities — inappropriate subject matter, enslavement to the exigencies of rhyme and metre, sudden plunges into bathos—that Sir John Squire was later to highlight in his periodic critiques of excruciating verse.

He it was who resurrected such justly neglected poets as Frederick J. Johnston-Smith, whose Poetical Works had appeared in 1904. Johnston-Smith's language is a mixture of banality and surprises, like a pretentious football commentary:

Reluctant I leave like a lover who goes
From the side of the maid of his choice
By whom he is held with a cord actuose
Spun out of her beauty and voice

"Actuose," says Squire, is "very characteristic" of this poet, "who uses enormous numbers of astonishing words of which he does not tell us the meaning, although he gives us a glossary containing such definitions as: Outward-bound—sailing from home, Yo-heave-ho!—a phrase used by sailors when two or more pull in concert on the same rope."

Johnston-Smith's glossary recalls the work of the American poet Solyman Brown who produced Dentologia (1840), A Poem on the Diseases of the Teeth. The footnote to this work give sensible advice on dental care and an appendix listing 300 qualified dentists practising in America is thrown in for free.

The didactic Muse seems chiefly to inhabit the US, or at least to have polluted its Castalian Spring. Ella Wheeler Wilcox (1850-1919) promoted the cause of temperance with her Drops of Water (1872). She was a mine of misinformation on a wide range of subjects, including the provenance of babies:

Have you heard of the Valley of Babyland,
The realms where the dear little darling stay
Till the kind storks go, as all men know,
And oh! so tenderly bring them away?

The Times described her as "the most popular poet of either sex or any age read by thousands who never opened Shakespeare," and her verses have been an invaluable standby for the makers of Christmas crackers ever since she penned the immortal lines:

Laugh and the world laughs with you,
Weep and you weep alone.

For the writer of bad verse a suitably arresting name is, it seems, obligatory, and bizarre book titles are even more de rigueur. Amanda McKittrick Ros (1860-1939) produced two suitably alluring titles for her readers with Poems of Puncture (1912) and Fumes of Formation (1933). The first named volume was not about bicycling, as the title seems to suggest. Her stock in trade was the putative epigram, as in these delightful lines On Visiting Westminster Abbey:

Holy Moses! Take a look!
Flesh decayed in every nook,
Some rare bits of brain lie here,
Mortal loads of beef and beer.

Other poets with engaging names are reported in Edmund Pearson's Queer Books, and include the Americans Bloodgood H. Cutter, Shepherd M. Dugger, and J. Gordon Coogler. The last-named gave birth to one couplet that has achieved immortality, of a kind:

Poor South! Her books get fewer and fewer,
She was never much given to literature.

Of course this was written before the advent of William Faulkner and Tennessee Williams.

The art of awful verse—for surely it is an art—has been unjustly neglected by literary historians and anthologists. D. B. Wyndham Lewis is the only major collector of the Muse's equivalent of a cricketer's "wide."

With Charles Lee he compiled The Stuffed Owl (1930), a collection of picturesque curiosities that concentrated on the momentary aberrations of great poets. The principle followed was that "a fall off a cliff is more interesting than a fall off a cushion." This is undeniable, but the result of its application as a criterion for inclusion in the book was that persistent no-hopers were unjustly excluded from the exhibition.

This deficiency was avoided by Christopher Adams in his little book The Worst Poems In English, published in 1958.

"The bulk of English poetry is bad" observes the compiler bluntly in his preface. Adams illustrated this with some happily chosen examples, such as the dramatic poem entitled Tragedy from Theo. Marzials' collection The Gallery of Pigeons (1873):

Death!
Plop.
The barges down in the river flop.
Flop, plop,
Above, beneath.
From the slimy branches the grey drips drop,
As they scraggle black on the thin grey sky,
Where the black cloud rack-hackles drizzle and fly
To the oozy waters that lounge and flop
On the black scrag-piles, where the loose cords plop,
As the raw wind whines in the thin tree-top.
Plop, plop.
And scudding by
The boatmen call out hoy! and hey!
And all is running in water and sky,
And my head shrieks—"Stop,"
And my heart shrieks—"Die."

It is difficult at first to locate the source of the tragedy which the above lines so powerfully evoke, but it emerges in the second stanza that the speaker's friend has run off with his sweetheart, causing him to contemplate suicide, or, as he puts it:

I might reel and drop
Plop
Dead

Since Adams made his selection, the heroic failures of literature have been woefully neglected. It is high time for someone to bring the story up to date. It is a task of which Samuel Rogers might have said in his own inimitably uninspired way: "Think nothing done, while all remains to do."

It is true that this admirable sentiment, as William St Clair pointed out in a Financial Times article earlier this year, was "written by a man who inherited half a bank at the age of 25 and never did a hand's turn of work in his life." Or rather, it is half true, for the industry required to produce reams and reams of inspid verse must have been quite considerable.

But industry alone is not sufficient to qualify the poetaster, the propagandist or the botcher for a niche in the hall of fame. "Bad verse has its canons, like Good Verse. There is bad Bad Verse and good Bad Verse." (Wyndham Lewis). A great deal of innocent pleasure may be derived from the latter, which should therefore be rescued from oblivion. The world would be a poorer place without the colliding metaphors and genial images in the following couplet, ascribed by Lewis to "a very great late-Victorian:"

He cancelled the ravaging plague
With the roll of his fat off the cliff.

(The lines are by George Meredith in *The Empty Place* and contain an amazingly obscure reference to a sacrificial custom of the people of Marseilles.)

Why grouse deserve a kinder fate

FOOD FOR THOUGHT

Shooting the poor, persecuted birds probably comes as a relief to them, says Peter Fort

LAGOPUS Scoticus deserves our sympathies. The grouse, as Lagopus Scoticus is better known, Britain's only truly indigenous bird, is a martyr to ticks, prone to nervous breakdowns, and supplies of its favourite food are running out. The opening of the shooting season on August 12 probably comes as something of a relief to the poor persecuted bird.

But it seems rather unfair that the indignities which it is prone to when alive, should go on after death. The hills are still alive to the sound of gunshots and the groans of landowners lamenting the shortage of birds, when handpicked men from Britain's crack regiments pit their wits and skills to bring the first grouse from moor to restaurant. And it's accompanied by the maximum ballyhoo, presumably to justify the exorbitant prices we are then asked to pay for them.

Suppressing an unworthy thought about the role of the taxpayer in this folderol, I can see why the Great Grouse Race has become as firmly established a sporting fixture as the Great Beaujolais Race. The food industry has done away with the seasons and has replaced them with a series of diversions.

Not long ago asparagus and salmon heralded spring. We binged on strawberries and cream for six weeks of summer. Autumn was the season of walnuts and game and blackberry and apple pie. And in winter we sat by the fire, gorged on roast beef and Yorkshire pudding.

Ah, you may say, that's all nostalgic nonsense. It never was like that, really. And anyway, aren't we delighted that we can get asparagus the size of Californian Redwoods 12 months of the year? The growers in Spain and Israel and Kenya certainly are. And shouldn't we be pleased now that salmon is as common as cod, that we can serve up strawberries like footballs on Christmas day if we want to, and that we can tuck into new season's lamb from January to September?

Why should the grouse be any different? We're perfectly happy with barley-fed beef packed with growth promoters. We have battery hens, why not battery grouse? Why should the grouse enjoy the freedom of the moors and have the privilege of grazing on ling heather?

Who cares about the seasons? The seasons are old hat. We want to seat what we want to eat when we want to eat it.

We don't want the bother of hanging the wretched bird. We don't want to have to worry about whether it's properly hung or not. Pluck a tail feather? Sniff the bird? What do you take me for, some kind of pervert? Anyway, hanging a couple of birds with all their feathers on the back of the door is very unhygenic and upsets the children. And it's too easy to forget about them until it's too late. Then who sweeps up the maggots?

We should look forward to the day when we can snap up our individually matured butter-ball grouse the size of a turkey, when we need it. Then we'll pop it in the oven at Gas Mark 4 or 350.F for 30 minutes. While it's browning we'll just have time to open a packet of reconstituted game sauce with added brandy and real cranberries. Our "Hunter's Supper" will be ready in a jiffy. Just serve it up with oven-ready game chips and wait for the applause. Isn't that what we want?

Well, some people may, but I don't.

I don't want to encourage snobbery in food, either, but I do think food ought to taste of something. That has always seemed to me to be the point of any game, in fact. You may not like the flavour of grouse but at least you can always taste it. All those ticks, nervous breakdowns and thousands of acres have helped produce a flavour and texture that no amount of systematic scientific processes or additives can hope to duplicate.

That's why we can't produce Lagopus Scoticus in sufficient quantities to make mass marketing the poor bird worthwhile. Considering what misery it suffers when it is alive, it's just as well.

Now pull yourself together . . .

Lucia van der Post

HOW TO SPEND IT

THESE DAYS it is quite easy to chart the *gentrification of London* and, I daresay, Edinburgh, Manchester *et al*, by looking at windows. Where the festoon blinds flourish, there you may be sure that prices are going up, for the mood in dressing windows these days is lush, lush, lush.

The 1960s and 1970s were the time to demonstrate how understated and refined your tastes were. No vulgar swags and bows, just plain wooden shutters or simple rattan blinds or, maybe, plain curtains hanging from a brass or wooden pole.

Today it is almost impossible to over-gild the lily. The look is exuberant, voluminous and highly decorative. Some of the best-dressed windows feature bows, frills, swags, tails and two sorts of fabrics all at the same time.

Much of this is part of the nostalgia for times past that has invaded the interior decorating world. The grand decorators, like Mrs Monro and Colefax & Fowler, are scurrying to the history books and giving their clients authentic 18th and 19th century swags and drapes.

The trouble with all this grandeur is that it doesn't come cheap. Not only is there miles of fabrics, but it takes hours of fine workmanship as well. These were never meant to be run up at home on a rainy afternoon. Anybody who has had any one of these newly fashionable scenes costed out by a professional decorator will already know just how expensive they can be—anything from £700 upwards for a pair of lined and interlined curtains, and when you add swags, bows and tails the cost rises even more.

However, it is possible to get something of this new decorative, expensively-dressed look without spending a fortune. Here on this page I suggest several schemes which can be *done without professional help.* They rely above all on generous masses of fabric—if money is a problem remember that it is better to buy lots of inexpensive fabric (such as calico, unglazed cotton, muslin) than to be mean with "designer" material. If you use a mass of the fabric of your choice you will find that generous folds and swathes, even if somewhat inexpertly done, will immediately convey an air of "luxe."

Many of the suggestions sketched here are in fact purely decorative. Some of them (in each caption I have spelled out which) have no practical function at all; they are there simply to delight the eye.

Many combine well with functional blinds; the effect of different patterns and fabrics working together contributes to the rich overall visual effect that is so much a part of the current interior look.

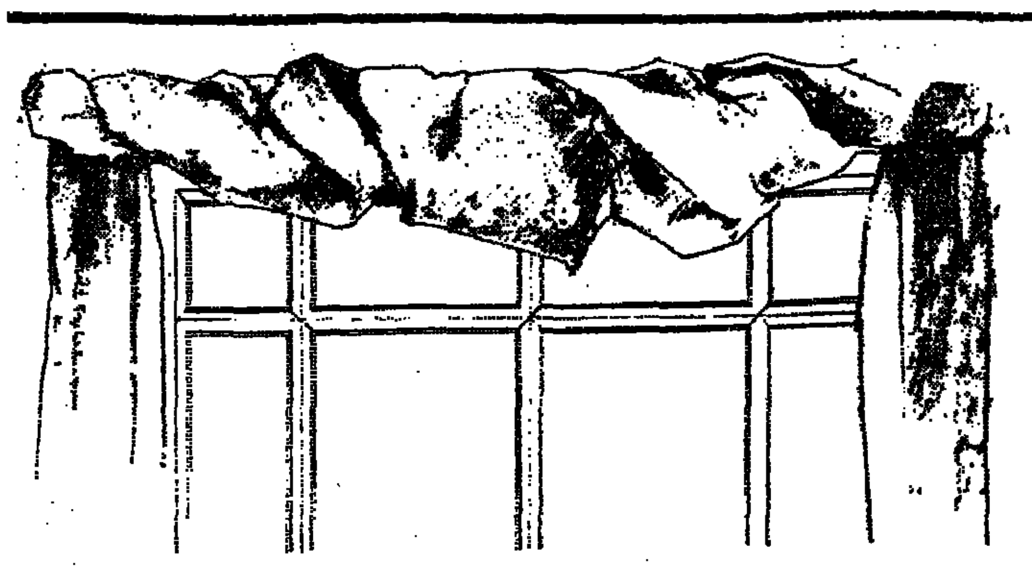
Notice that today many curtains are made much longer than the floor. Nothing looks skimpier and meaner than ending them just at floor level, and while it was popular in the 19th century to have curtains two to three inches longer than floor length, today they are sometimes as much as eight inches longer.

The suggestions sketched here by Penelope Hughes-Ross, an interior decorator working with that doyenne of the trade, Mrs Monro of 11 Montpelier Street, London SW7, are aimed at the do-it-yourself market. None of them needs elaborate hand-finishing, and none cannot be tackled by a normally competent curtain-maker at home.

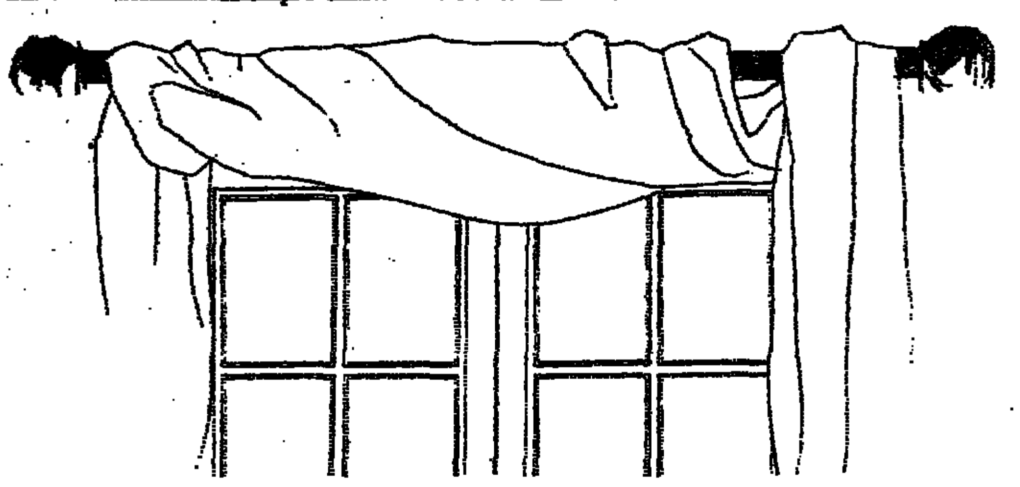
All you need is masses of your chosen fabric, a stapling gun, a good eye and courage!

If you would like more precise instructions you are in luck. On September 25 Conran Octopus publishes the Terence Conran Soft Furnishings Book (£15), which gives detailed guidance on how to achieve this kind of look.

A less grand, simpler book with a great deal of useful information on the subject is Caroline Clifton-Mogg's Curtains and Blinds (£2.99, also published by Conran Octopus).

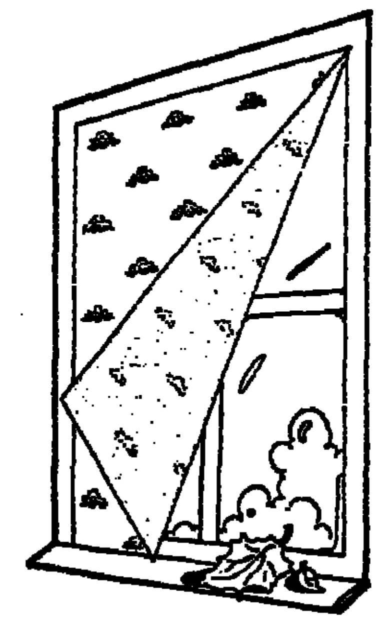


HERE material has been hand-draped over a pole so as to conceal the pole completely. This is currently a very popular look and very easy to achieve. If you buy very, very long lengths of fabric the same length can fall to the floor on either side of the pole. Again, though, they would serve as *dress curtains only—if you* wanted curtains to draw you would need a separate pair on a separate track.

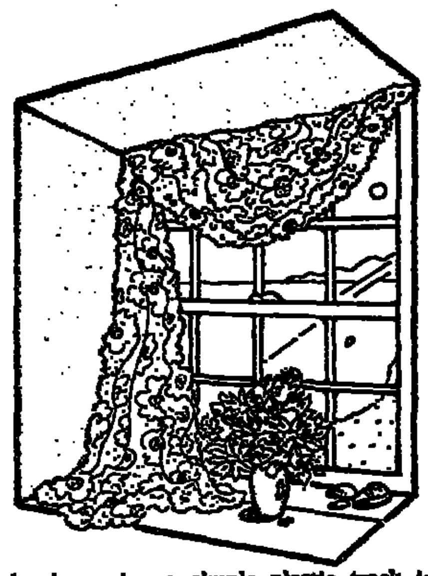


THIS IS probably the simplest of all the effects to achieve at home — the fabric is simply draped over a pole, very loosely. This can look very dramatic indeed when used with a blind in a contrasting or co-ordinating fabric. Also you can drape the fabric so that one side is much longer than the other, giving the fashionable asymmetrical look.

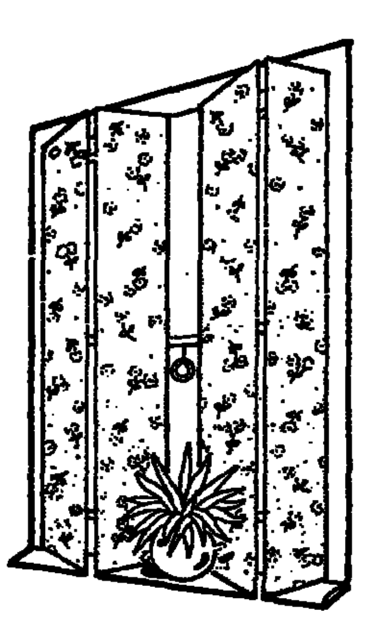
IF YOU have a rather boring plastic track already fixed, this is one way of livening up the window — just gather up the curtain fabric and attach it by the corners to a curtain hook. *Cut off* pieces of material to make "rosettes" — professional decorators make them beautifully (and expensively) to *look like cabbages, but you* can simply scrunch them up and attach them to the join where two corners of the fabric meet, and on each outer corner.



FABRIC BLINDS are pinned back to let in light and give a rather Japanese air of stylish elegance.



SIMPLE draping using a simple plastic track is one way of dealing with the sort of window you often find in *cottages and attics. Here* lace has been used, and very effectively, too, but you could use any soft fabric. To block out light you will need a blind as well.



IF YOU find wooden shutters rather bare for today's more "decorated" interiors, you can cover them in fabric, as shown here in this small window embrasure.

LEFT

IF YOU already have an existing pair of rather straightforward curtains and want to give a window a lusher, more up-to-the-minute look you can do it relatively easily. Add a pole, then drape a contrasting fabric in rich and generous swathes over the pole. In the sketch the fabric has been knotted in two places at each end—just below the pole finale and at the bottom. If you are starting from scratch remember that if you want curtains to pull, you will need to have the curtains themselves on a track, and use the pole and its swatched fabric purely for decorative effect.

RIGHT

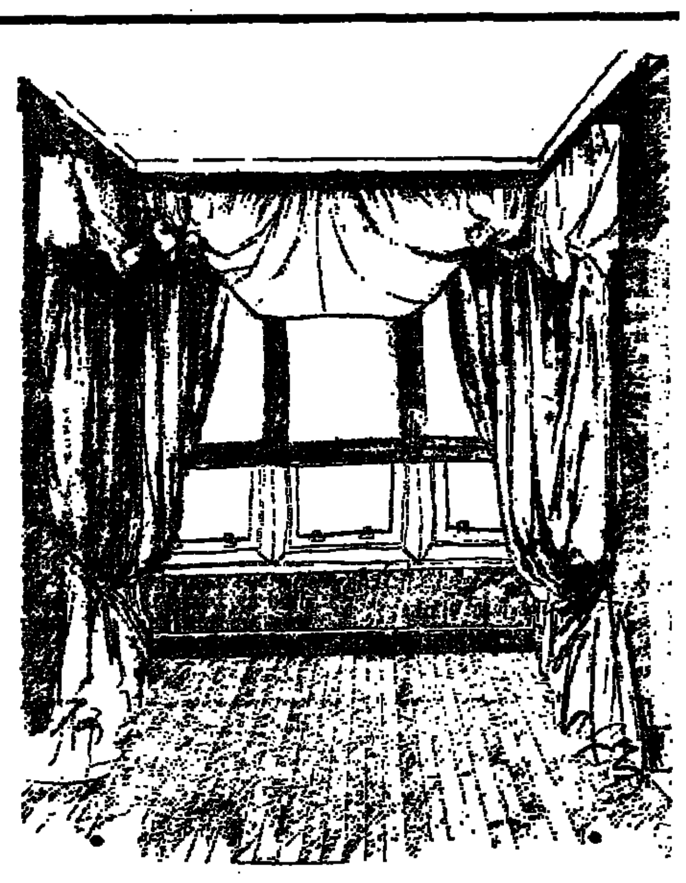
A bay window is a common problem, and here it has been given a luscious new look — all swags and bows and lashings of fabric.

This style is probably the most difficult to do without professional help, but the folds at the top can be achieved by stapling the fabric to a wooden pelmet board; the knots in the fabric at the side can easily be done by hand.

If the curtains are fitted to a separate track they could be drawn, but I think it is *better to leave them beautifully folded as dress curtains, and use toning blinds for practical purposes.* If your *window already has blinds and you are wondering how* to update the look, simply leave them in situ and add the swirls of fabric on pelmet and sides.

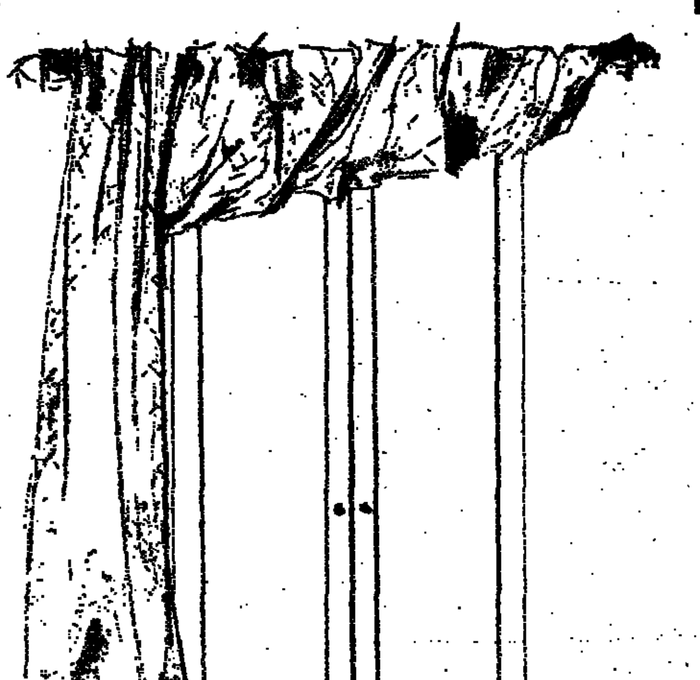
●

If you're after a traditional look and can't afford to pay professional interior decorating services you could try looking out for sets of antique curtains. These are now much sought-after and quite often crop up in auction room sales. Wonderfully rich and grand materials can often be found at excellent prices. A good indication of the popularity of old materials is next week's Decorative Antiques and Textiles Fair at the Café Royal in Regent Street, London W1, September 17-20.



Curtains drawn by Penelope Hughes-Ross and Anne Morrow

HERE, elaborately ruched curtains on a curtain pole have been pinned back during the day to let in the light, giving a softer, more fluid effect than the more conventional drawing-back.



THIS SUMS up today's look perfectly—asymmetry is one of the strong current themes. This is also one of the simplest styles to do yourself—simply gather up the fabric and wrap its loosely round the pole, leaving the excess to fall to the floor.

Much of the decorative effect comes from the way the fabric hangs and folds, so choose it with this in mind. Our artist, Penny Hughes-Ross, experimented with Thai silk and fine Liberty lawn and both looked beautiful. However I am a great fan of plain white or cream, and if you're really hard-up or want to test out the look you could use sheets or sheeting. Remember that this arrangement is for decorative effect—the *curtains cannot be drawn.* To cut out light, or for privacy you will have to use either blinds, some white muslin, or have a separate curtain behind on a separate track.

Material Facts

MOST of the schemes I suggest here depend for their effect on masses of fabric—generosity is the key. Not everybody can afford great swags of Colefax and Fowler materials or huge bunchings of Designers' Guild. Fortunately, many of these treatments would look wonderful with quite simple fabrics like poplin, unbleached calico, muslins, ticking or plain glazed cottons. So here are a few addresses for those who are looking for fabrics at less-than-designer prices.

● Russell and Chapple, 23, Monmouth Street, London WC2. A really useful address: it sells cotton duck in a variety of colours and widths, plain cotton and jute twill, calico at exceedingly reasonable prices (all under £4 a metre) and all of which hang and drape beautifully. Look, too, among stage supplies, the sailing cloth, the plain linens. The shop will send a price list for those wanting to buy by mail.

● John Lewis, Oxford Street, London W1 and Peter Jones, Sloane Square, London SW1. They may *seem obvious, but* it is easy to overlook them. Both often have fabrics at excellent prices, in particular Indian cottons, and don't forget their lining fabrics, in a big range of colours, all at under £2 a metre.

● Mistakes, 654b Fulham Road, London SW6. Here you find what you might expect—things that didn't quite find a home first time round. It is a good place to look for bolts of designer fabric at greatly reduced prices (if you're looking for ready-made curtains you may find some that are the very thing—curtains made in the wrong size or which just somehow didn't work end up here on sale at a fraction of the original price).

● Ian Mankin, 109 Regent's Park Road, Primrose Hill, London NW1 8UR. A shop already familiar to regular readers of How To Spend It: here you can find unbleached calico, muslin, ticking, cotton and many other inexpensive fabrics, all of which will give you the rich and lush look at a fraction of the price that "proper" curtain material would cost.

● Close-Outs, 194 Ebury Street, London, SW1. Close-Outs is the all-American phrase for end-of-line fabrics, and that is what Roz Roberts sells here. Most of the fabrics are intended for curtains (though there are some rather short lengths of upholstery material and most of them are by big designer names which would normally sell at about three times the price. Because these are end-of-line and discontinued ranges, often bought from warehouses and factories, the prices are exceptional. Plain cottons start at £4.95 a metre, the highest price is £11.50 a metre.

● Habitat and Next Interiors (whose autumn collection is a particularly glorious selection of paisleys and very rich florals) both sell fabrics at exceedingly reasonable prices—as value for money they are hard to beat.

When Winston led the last attack

ROAD TO VICTORY: WINSTON S. CHURCHILL 1941-1945
by Martin Gilbert. Heinemann £20.00, 1,308 pages

HERE IS the seventh volume of the great biography of the giant of our time, begun by Winston's son, Randolph, and continued by Martin Gilbert. The sheer energy of the author must inspire awe and admiration. He has also edited five volumes, each in several "parts," of Companion Papers—a vast treasure trove of Churchilliana. He has produced a multitude of books on other subjects, the most recent being his terrible account of the Holocaust. There can have been few, if any, more prolific writers of history and biography in modern times. There must have been many problems along the way, financial, academic and personal. To undertake a biography of this colossal scale is to achieve a historiographical immortality. As for the intellectual price only the author knows. His readers must simply be grateful that he has been prepared to pay it.

So much has been written about the Second World War that it is difficult now to do much more than "dot i's and cross t's" about the major issues They have all been discussed at enormous length, largely in terms of alternative strategies which might have ended the war earlier. The argument turns partly on the crucial question raised by John Grigg in his book 1943: The Victory That Never Was (1979), whether it would have been possible to launch a successful cross - channel assault on northern France in 1943 instead of 1944, and whether that strategy would have ended the war a year earlier. It also turns on the question of the Balkans. Would it have been possible to exploit the Balkan situation and forestall the Russian occupation of those now dismal countries? The war might not have ended any earlier but the Iron Curtain might have fallen further east than it did.

By the nature of things there will never be a complete answer to these questions, but the more one reads about "Round-Up," the less plausible it seems. It presupposed an amount of shipping which the Allies simply did not have, or only could have had if the Americans had agreed to a major diversion from the struggle against Japan. Far from this being a possibility Roosevelt and Marshall had their work cut out to prevent even more resources being sent to the Pacific. It is a fair criticism that, although the Americans proclaimed a policy of "Germany first" they never really implemented it.

Mr Gilbert makes it abundantly clear that Churchill fought as hard as he could for Round-Up. It is a post-war myth largely propagated in America that he was lukewarm, preferring to open a front in the Balkans. It was not Churchill but American weakness that prevented a 1943 second front, and Churchill at no stage contemplated military penetration of the Balkans on a major scale, although he certainly believed that much more should be done to step up supplies to Tito. Mr Gilbert avoids value judgments and sticks to facts. He describes in detail—it is the best account so far—what happened at Casablanca, but never indicates that it was the most important conference of the whole war. He gives an account of Churchill's attempt at the last moment to switch "Dragoon," the attack on the South of France to Brest and Lorient, but does not say that it was a lunatic aberration and that the Americans were quite right to crush it.

He tells us about Churchill's obsession with the idea of drawing Turkey into the war, also his plan to make landings in Norway, but he does not say that the former was a King Charles's Head and had no chance of success, or the latter totally impracticable. Perhaps he is right. After all most of Churchill's ideas were excellent, and in the last resort he hardly ever overruled the objections of the Chiefs of Staff if stated with enough evidence and emphasis. The reader can be left to judge the matter. If he wants a guide, consult Ronald Lewin's Churchill as Warlord, General Fraser's Alanbrooke or, best of all, if he has enough time, the Grand Strategy volumes of the official war history.

What Mr Gilbert brings out most clearly is Churchill's ceaseless energy, attention to detail, demand for information, refusal to be hoodwinked, together with his wit, humour and love of sheer fun, his fondness for luxury, his gargantuan appetite for food, drink and cigars and—let us face it—his insensitivity, selfishness, egotism, showmanship and brutality. He was a great man, the greatest statesman of any country in the twentieth century, but, despite emotion and tearfulness, he was a very hard man. Perhaps one cannot be the one without the other.

Churchill's telegrams make splendid reading. He always had a great sense of history. Urging General Maitland Wilson in September 1943 to capture Rhodes he said "What is your total ration strength? This is a time to think of Clive, Peterborough and Rooke's men taking Gibraltar." On the Salerno campaign he advised Alexander to be present in person. "The Battle of Suvla Bay was lost because Ian Hamilton was advised by C.G.S. to remain at a remote central point where he would know everything. Had he been on the spot he could have saved the show . . . I feel it my duty to set before you this experience of mine from the past."

As an encouragement to Montgomery on his assumption of Eighth Army command, Churchill pointed out that the day was the anniversary of Blenheim. What other statesman would have known that the words "United Nations" first appeared in Childe Harold's Pilgrimage? But Stalin too knew something of history. When Churchill in August 1942 discoursed on the greatness of the Duke of Marlborough he said: "I think England had a greater general in Wellington who defeated Napoleon, the greatest menace of all time," and he skilfully compared Wellington's campaign in Spain with a Second Front.

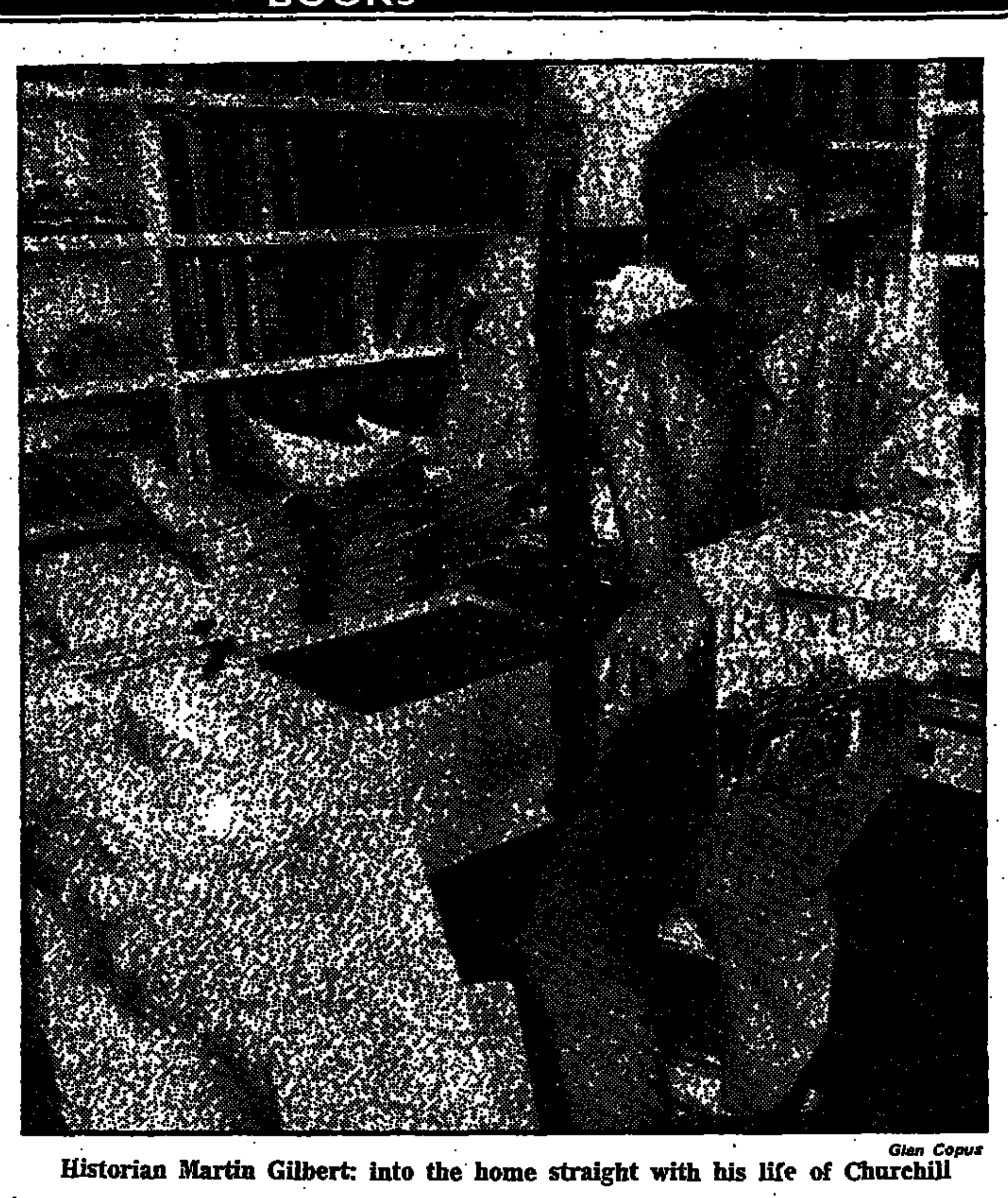
Mr Gilbert's approach is strictly chronological. It is an account of what Churchill did, almost from day to day and often hour to hour, with many quotations from his minutes, telegrams, speeches and memoirs. Some of these come as a slight shock, for example, the case for poison gas:

> It is absurd to consider morality on this topic when everybody used it in the last war without a word of complaint from the moralists or the Church. On the other hand, in the last war the bombing of open cities was regarded as forbidden. Now everybody does it as a matter of course. It is simply a question of fashion changing as she does between long and short skirts for women.

He went on to say that he wanted the matter to be "studied in cold blood by sensible people, and not by that particular set of psalm-singing uniformed defeatists which one runs across now here now there." It was studied but the Chief of Staff decided that it would not work.

By the end of this fascinating book what staggers the reader is the sheer vitality of its subject who was aged 67 to 70 during these years, suffered two heart attacks and a bout of pneumonia, and yet conducted the affairs of the country in its greatest crisis with relentless and unflagging vigour. Mr Gilbert has once again produced a memorable volume in the long saga now approaching its end.

Robert Blake



Glen Copus
Historian Martin Gilbert: into the home straight with his life of Churchill

Solitary man

BACKCLOTH
by Dirk Bogarde. Viking £12.95; 313 pages

MY OWN early recollections of Dirk Bogarde are those of the screen idol in the Dr series and the serious actor in The Servant and Death in Venice. He then turned his back on Hollywood to become something of a recluse in Provence, to write an autobiography and novels.

Bogarde's fourth autobiographical volume, Backcloth, sets out to explain the paradox of the screen-star recluse. He finds the answer in his adolescent experiences and upbringing in an artistic and Bohemian household. His father was the Picture Editor of The Times, in charge of all the photographs. Son Dirk developed the keenest sense of colour, light, touch, and an early fascination with the theatre. Even his minimal Catholic education contributed: "the singing, the light, the mystery, the glowing candles, all these were theatre." A visit to Glasgow to see his adopted aunt Yvonne Arnaud on stage clinched it. "I found my life could be altered and the theatre was my future."

But, as a teenager, Bogarde was sent to live with Scottish kith and kin, a suffocating and claustrophobic contrast to his previous Bohemian existence. It caused an extraordinary personality change.

"I was forced to assume immediately defence mechanisms. My solitary life forced me to become my only friend and partner." Bogarde's secret notebook and diaries, the basis for this volume, were part of the "shell building:" "the hermit crab syndrome was firmly fixed and I quit that shell as I grew older to find another more suited to my size. But still a shell."

These experiences also left him with an abiding fear of being possessed by other people through personal relationships. Sexual relationships had to be transient, otherwise they led to possession. Thus was created Bogarde, the star and recluse.

But are we really told everything? In a book very much about relationships certain key ones remain unexplained; his relationship with his ravishing secretary-interpreter Harri and, more so, his relationship with his closest companion and agent, Forwood. The author's mother scarcely emerges from these pages. We are left with allusions to the destruction of her theatrical career by a "bewildered and stubborn" husband: "she carried the scar all her life and we, as her family, endured it for all ours." What was the scar? Were these relationships too painful to explain to us even now?

However, the book is compellingly written and always readable and nowhere more so than in its account of Capt Bogarde's war-time experiences. The army also provided him with another hermit-crab shell. Indeed, he considered staying in the services though, at the end, peace-time army career seemed pointless.

We take a leap from the years of film-making to Provence and his private retreat, his shell for more than a dozen years. It is a revealing but unsatisfactory conclusion. Bogarde describes his brief re-encounter with the American film industry, the making of the Patricia Neale story with Glenda Jackson to whom this volume is dedicated. Despite critical acclaim it flopped, confirming Bogarde's loathing of the compromises and deceptions of commercial film-making (perhaps publication of this book will prompt a re-showing).

The rest is devoted to tantalising glimpses of his private Provençal world, his close relationship with his former publisher, the late Norah Smallwood, the painful discovery of his companion Forwood's cancer which brought them almost to the point of selling up in Provence, the death of a trusted helper and two dogs, the irritable intrusions of unwelcome guests, his presidency of the Cannes film festival.

At the end I am left with an impression of the man alone becoming a lonely man. At last, after four volumes, Bogarde, the autobiographer, has exhausted his material. I only hope Bogarde, the novelist, has not.

Ted Rowlands, MP

Lucky courtier

END OF AN ERA: LETTERS AND JOURNALS OF SIR ALAN LASCELLES
edited by Duff Hart-Davis. Hamish Hamilton, £15.00, 348 pages

THE LATE Sir Thomas Lascelles was for many years a courtier grave and serious, who served Edward Prince of Wales, King George VI, and our present Queen. This volume, composed of letters, and extracts from a lengthy journal, gives a well-detailed account of him as lively undergraduate, fashionable young man-about-town and wartime hero, before he bowed, and withdrew behind the silent curtains of St James's Palace in November 1920.

Lascelles, as this book shows, was very much an Englishman of his time. The rapture of his life was hunting. His prowess with a gun is not reading for the tender-hearted—but many a Victorian hall vaunted stuffed animals, antlers and trophy tiger rugs. His pride in his lineage (he was the grandson of the 5th Earl of Harewood) may not seem democratic today, but was far from untypical among his class. His artistic tastes were those then conventional: he loved Kipling and John Masefield; he adored Brahms, and thought Mozart "wonderfully refreshing—a kind of transcendental Sullivan, freed from the fetters of Gilbertian humour."

After a not very happy time at Marlborough, Oxford was a revelation. He found the joy of friendship, "of shouting at the moon, and of talking at the fire . . . the great discovery that it doesn't matter what you do, but whom you do it with." Lascelles was up at the same time as those famous Balliol figures, Edward Horner, Charles Lister and Julian Grenfell, with whom he became a staunch friend; they shared a passion for sport, and for the larks of the Annandale Club, where they caroused, and played practical jokes such as importing a pig into the quadrangle.

After Oxford came real life, and the problem, in those days, of being the son of a younger son with very little money and absolutely no vocation. "The only things I can do well are to ride, and to organise." The Indian Civil Service was mooted. He envied Julian Grenfell." After his years in India (in the army) he will go home, his father will die, and he will live happily ever after. I shall go on collecting taxes (in India) until 1950." How wrong his prophecy! India was discarded and he took a job with a firm of city stockbrokers.

This half-hearted employment did not interfere one whit with social life. As a bachelor he was asked to every dance and met every beautiful girl. Through his friendship with Julian Grenfell and Guy Charteris he was invited to the houses of the Souls. No aesthete, he never became a member of the group, but some of their stardust was scattered on his social shoulders. He was blinkered to the exquisite subtlety of Lady Desborough, who nominated second generation Souls such as Lascelles' brilliant Oxford contemporary, Patrick Shaw-Stewart; a visit to her house at Taplow was a strain:

> Quite an alpha weekend, though at heart I was rather terrified all the time. It's a mountain top sort of atmosphere which makes the plain dweller dizzy at times.

Lord Curzon, founder member of the Souls, he found "imperially great, but not humanly so." (When Curzon later offered him a job, the diary comment was "not bloody likely.")

There is entertaining Souls' gossip; Pamela Wyndham helps Lord Alfred Douglas with money, because she had been in love with his eldest brother, Drumlanrig, and he tells a story of Lady Wenlock's (very hard to believe) that Balfour planned to marry Violet Lindsay, only to find she had accepted the Duke of Rutland that morning.

Like all his friends, Lascelles volunteered at outbreak of war. After the anniversary of the Battle of the Somme, I felt it would be unbearably sad to read more letters from the Great War, but I was mistaken, this is the best part of the book. War changed Tom Lascelles, gone is the blasé young man; "I am quite certain that the war has done me good, and that nine out of 10 men I know are better and jollier than they were before."

In his letters, edited by Duff Hart-Davis, he purposely makes light of things. "It is surprising how well one can live with a little forethought, a little looting, and a little Fortnum and Mason." His descriptions of life in the trenches, of No-Man's Land, and Ypres "a city that might have been dead for a thousand years" are written with a new found fluency of pen.

War's end brings a post in India, love at first sight with the Viceroy's daughter, a very happy marriage, and then his appointment with the Prince of Wales; as he wrote himself, he had been an exceptionally lucky man.

Jane Abdy

The Lord of the pawns

WILLIAM GOLDING: THE MAN AND HIS BOOKS
edited by John Carey. Faber & Faber, £12.50. 191 pages

THE MOST interesting article in this collection, published to celebrate William Golding's 75th birthday, is by Charles Monteith. He was the editor at Faber who first had sight of the manuscript of Lord of the Flies (then entitled Strangers from Within). Attached was a curt note from the reader advising not to publish. However Monteith read enough of it to realise that he was on to something important. He managed to persuade the publisher's book committee to let him work on it with the author, then a schoolmaster in Salisbury, whom he did not know from Adam. He told Golding that the opening, a long description of devastation wrought by the dropping of an atomic bomb, needed re-writing and he made one or two other suggestions.

Then they met for the first time and the trimly bearded Golding (who had in fact written three or four earlier novels which he had set aside) took his novel away and re-wrote it with a will. The whole nuclear episode was left to be inferred by the reader and the entire action was confined to the island. The original title was scrapped and after a number of rejected tries a title-genius at Faber's came up with Lord of the Flies.

The essays divide between this kind of personal reminiscence and literary exposition. I enjoyed the former and was made to feel by the latter that Golding's work is strangely resistant to lit. crit. C. S. Lewis whose Perelandra Golding admires, we learn here, once said in a famous apologist's bon mot that — "Nonsense doesn't cease to be nonsense when it is talked about God." After this book we can substitute the word Golding at the end of that sentence. Former pupils and chums are, though, enlightening about the man. Not only was he a dominie before he became famous, his father was one too, a legendary teacher of science at Marlborough Grammar School. Peter Moss describes what it was like to be taught by Alec Golding. It sounds a life-enhancing experience.

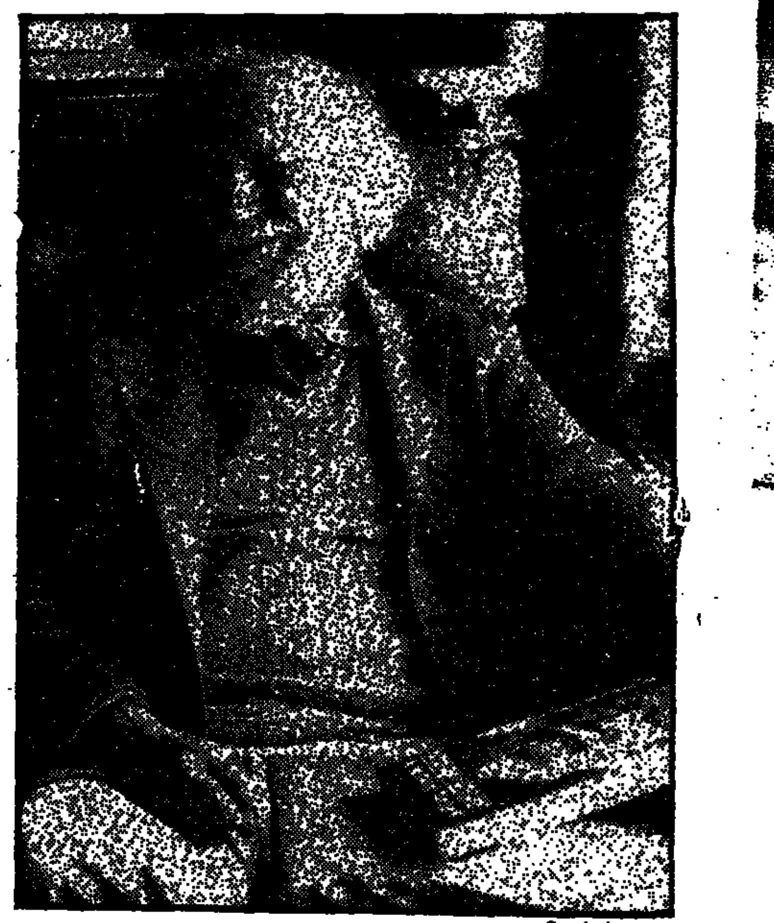
Anthony's Barrett caps this with memories of being a pupil at Bishop Wordsworth's school in Salisbury when Lieutenant William Golding RNVR arrived there after the war to resume his teaching career. The teacher learnt the oboe in order to play in the school orchestra and produced Aristophanes The Frogs. After that it is the turn of Peter Green, the classical scholar and writer, who knew Golding in Greece when the Big Bang of Lord of the Flies had changed his life. "It was, in fact, a working summer for all of us: Bill was revising The Spire while my then wife and I were in the thick of novels of our own." We catch intermittent glimpses of Golding throughout the book as a devoted husband, father, friend and as the skipper of a small family oyster-catcher.

On the critical front John Bayley has a brave stab at trying to define the curious lack of self in Golding's novels. An author's beguiling charm is away and somewhere else when we read his books. Several of the essays quote the description of the raging fire in the London blitz and the emerging child in Darkness Visible as a supreme example of his descriptive gift; great as this passage is, surely it owes much to Henry Green and Sansom?

John Fowles wearily recalls an encounter with Golding at a dinner-party at which the show was stolen by Lord David Cecil. John Carey, the editor of the volume, prints an interview with the great man in which he describes him as a ferocious chess-player. Enthusiastic, I would say, rather than ferocious.

Hardly a week goes by when I do not receive a communication through the post from William Golding. Usually his messages are of the briefest, being confined to this kind of thing: "7) Q x P"; or perhaps more lengthily: "15) N x B, if N x N then B-K1." Yes, we are both sufferers from an incurable affliction known as correspondence chess. In our current game he has the White pieces and it is more or less even stephens after the queens have been exchanged and both sides have castled: Happy Birthday, Bill, and watch out for my knight on E4!

Anthony Curtis



Carole Latimer
William Golding: Nobel Prize novelist

Fiction

In the family

ONLY YESTERDAY
by Julian Gloag
Hamish Hamilton, £9.95.
170 pages

TICKET TO RIDE
by Dennis Potter
Faber & Faber, £9.95. 202 pages

THE DRESDEN GATE
by Michael Schmidt
Hutchinson, £9.95. 152 pages

DIZZY'S WOMAN
by George MacBeth
Cape, £9.95. 171 pages

THE CONNOISSEUR
by Magda Sweetland
Macmillan, £9.95. 216 pages

JULIAN GLOAG'S Only Yesterday covers a weekend, the visit to his elderly parents of a middle-aged man and his daughter, a medical student in her twenties. That is all. Into it goes the life of three generations, the spirit of three periods of English life, and the nature of four people and their relationship with one another. It ends with the death of one of them, the adjustments to a new life of the others. No violence, no surprises or revelations; scarcely a plot.

Though almost weirdly recognisable in their oldness, the parents are in no way stereotypes. May is herself only more so, Oliver her husband the same. Their son, ineffectual Rupert, is fuzzier round the edges. His daughter Miranda, child of her time, with her smelly public-school lover Archie, layabout and lout, is more clearly defined. Do they love, need, support one another? Well, by the end one thinks: yes. This is fine, almost disturbingly exact observation, a style to cherish, and dialogue one can hear.

By contrast, Dennis Potter's Ticket to Ride is all plot, action, violence and surprise; unconvincing and defeated by its format. Technically it is impossible, indeed almost incomprehensible except as a series of snapshots, all visually clear, even brilliant, but chronologically confusing and realistically improbable. John, his wife Helen, a lover, a murder, escape, despair; a country house, a setpiece or two.

The novel too often reads like notes for a television play, an unfinished script or merely scenes from televisual life. This is sad from a writer of great power in his right medium.

Michael Schmidt's The Dresden Gate is set in Mexico, his birthplace, land of grandeur and despair. To say it recalls The Bridge of San Luis Rey a little is the best compliment I can give it; and not just because both are set in Latin America, therefore timeless by European standards (in Schmidt's book there is a motor-car and a branch line of the railway, otherwise it might as well be in Wilder's 18th century). It also has something of Wilder's clarity, precision, economy and cold clear light; ending, as he does, on a question mark.

Revolution is in the air, death in the family. The end is violent and inconclusive. Short, concise, memorable, the novel haunts the imagination.

Dizzy's Woman of the title of George MacBeth's novel is Lady Londonderry, Frances Vane-Tempest whom he calls Vane. Marrying Mary Anne Wyndham out of pique and cupidity (and, admittedly, friendship) when Vane turns down a request for money, Disraeli nonetheless continues an amorous correspondence with his ex-mistress; and these letters form the book. Vane is a Boucher nymph, plump and venal, impossible for Dizzy either to trust or to forget; and his letters to her conjure an early Victorian world in which the manners and morals of the regency overhang the new respectability, indeed at the grandest level of life ignore it. Millais' naked but unerotic girl is quite wrong, therefore, for the jacket.

A theme that runs through the letters is the Eglinton Tournament, the famous mock-medieval absurdity which was rained out on the day (Dizzy's wedding day, incidentally).

George MacBeth shows here his extraordinary sense of period and atmosphere.

Magda Sweetland's The Connoisseur is a second novel, serious and talented, in style rather literary and prim, even precious. Perhaps that is merely to match the central figure, an insufferable antique dealer whose insufferableness seems not, I think, quite obvious to his creator. Indeed, he seems drawn with some degree of indulgence, even sympathy. He has, at any rate, physical glamour, a presence.

I found the book haunting in parts, flawed in others: the last chapter, set years ahead, is a mistaken coda of disillusion.

Isabel Quigly

Julian Gloag: busy weekend

Crime

Memory blank

A DEATH TO REMEMBER
by Roger Ormerod. Constable, £8.95. 208 pages

THE TETHERED GOAT
by Jeremiah Healy.
Macmillan, £8.50. 222 pages

ROGER ORMEROD'S donnée is good: Cliff, a Social Security inspector, has physically recovered from a nasty bashing, but has lost some of his memory. He has also lost his job, so he has plenty of time to investigate the cloudy patches of his past. Unfortunately, his memory—and some of the people he encounters—play tricks on him; and occasionally the reader becomes as confused as Cliff is. Still, he makes a likeable protagonist, the setting is vividly painted, and the solution in A Death to Remember, though perhaps over-delayed, is satisfactory when it comes.

Jeremiah Healy's first novel, Blunt Darts, was a début of exceptional promise. In this second book, The Tethered Goat, he has taken a sharp turn in an unpromising direction. His private investigator, J. F. Cuddy, becomes a kind of vigilante-avenger, distastefully close to Rambo. Healy's prose has also deteriorated, and he displays a vulgar taste for making verbs out of nouns like "cab," "key," and "knob" (cf "she knobbed the door open"). Nevertheless, Cuddy is still a worthy invention; perhaps in opus three he will regain his original charm.

William Weaver

Former editor looks back

SUNDRY TIMES
by Frank Giles. John Murray, £13.95. 262 pages

AUTOBIOGRAPHIES *can* be worth £13.95, but this one isn't. You might contemplate expenditure of such a magnitude on one of those described by Mr Giles as "the finest autobiographers who ever wrote — Cellini, Gibbon, Chateaubriand, Trollope," or you might ignore the volatile markets and open your wallet for the recollections of one who made a scratch upon history: a Churchill, say, or a Macmillan. You might, in adolescence, even steal the money to savour the life and loves of Frank Harris, although nowadays you can get the same thing for far less. Except in one circumstance, however, you surely would not lay out the price of a bottle of pretty good claret for what reads like the chronologically-ordered dinner-table reminiscences of a nice fellow.

The exceptional circumstance will have to be faced by a relatively small number of people: the author's family, his apparently wide circle of friends, and by what must be assumed to be his wider circle of acquaintances. These circles include such names as Henry Kissinger, Peter Shore, Rupert Murdoch, Harold Evans, David Owen and a great many others that you might expect to find in the contacts-book of a man who spent most of his working life as a journalist specialising in foreign affairs and ended up, briefly, as editor of the Sunday Times. He has seen everyone and been everywhere—White House, Peking, Moscow, long stints in Paris and Rome—and come to know everyone of significance to his trade. He has felt betrayed by Mr Murdoch and he has wrestled over his own interpretation of editorial independence under Mr Murdoch. Many in this cast of characters will no doubt want to see what is said about that, or themselves, or their own acquaintances. They stare the loss of £13.95 in the face.

The rest of us do not. If any one of the character-portraits of the great was particularly enlightening, or if one of the events recalled was especially significant, it might be otherwise. But these are slight tales, as lacking in substance as the pun in the book's title. They should have been printed privately, for circulation to those who enjoyed a happy evening at what must have been the most pleasant table of Frank and Lady Kitty.

Joe Rogaly

Late summer mixture of musical minds

Britten and Tippett at a party to celebrate Tippett's 60th birthday in 1965

THE marriages of historical convenience arranged for composers often prove very hard to annul. It is only in the past 10 years that Bruckner and Mahler have finally been able to lead independent existences; Schoenberg, Berg and Webern show no signs of being allowed to graduate from the Second Viennese School.

In British music Benjamin Britten and Michael Tippett are already firmly linked in the public consciousness, and one *close comparison* of their work has already been published. Now the Britten Tippett Festival, a joint venture between the London Sinfonietta, the BBC Symphony Orchestra and English National Opera which opens at the Festival Hall on Thursday, promises to generate yet further associations.

As usual there is a small kernel of truth in the pairing. The two composers more or less share a generation; both (Tippett born in 1905, Britten in 1913) came to maturity in the late 1930s, significantly just *after the year of 1934, in which* Elgar, Holst and Delius all died. Both, in their different ways, were responsible for the renaissence of British music in the years following World War II and achieved positions of great eminence in this country's musical life. They were friends *for more than 30 years;* when Britten died in 1976 it was Tippett who offered the most moving of all the tributes, describing him as "the most purely musical person I have ever met and have ever known."

There, though, the similarities all but end. For in musical outlook *and* temperament they were at opposite poles of sensibility; it is remarkable how two composers from approximately the same musical *environment* could have developed so divergently. For Britten the acquisition of a competent technique seems to have been effortless: if he was not precocious in the Mozartean sense, the music of his early teens that has been published and performed since his death demonstrates how quickly he had become a fully equipped composer, highly attuned to the ways in which music was evolving so rapidly in the late 1920s.

Tippett was by no means so naturally gifted; he never doubted he wanted to be a composer and that his creative ideas were destined to take musical form, but he struggled for many years to find the *means to shape and communicate* them. That tension between concept and realisation persists in his music still.

It made Britten the purer, more self-contained artist, the one whose musical style developed rapidly until a state of total control over his material was reached. It's arguable that he achieved equilibrium in *Peter Grimes* (1945) and the chamber operas which followed that *success, and that the remainder* of his output (with the possible eloquent exception of the church parables from the 1960s) broke no new ground, while the emotional world they explored became more and more tightly circumscribed.

Tippett, by continuing to *explore,* and by *not hesitating* to change tack if he felt the compulsion to do so, has maintained an element of surprise and wonder in his music right up to the works of the 1980s; the concept of a Tippett masterpiece, in whatever medium, a work absolutely assured of its *aims* and the way of attaining them, and perfectly executed in every detail, is as unlikely as a rough-hewn uncertainly focused piece would have been from Britten.

In one area only did their musical concerns coincide. In the 1940s both sought to discover new ways of setting the English language without the taint of the English oratorio tradition, and they found it, independently, in the music of Purcell. In his settings of John Donne and the Second String Quartet (written for the anniversary of Purcell's death) Britten came closer to Tippett's style than anywhere else in his output. No part of the English tradition after Purcell seems to have interested Britten, and the recent past, the generation of Vaughan Williams and Ireland, appears to have been anathema to *him,* perhaps a legacy of his unhappy years at the Royal College of Music.

Tippett's attitude to his forebears *has* been more ambivalent, and works like the Con*certo* for Double String Orchestra and the Corelli Fan*tasia are self-evidently part of* the Great Tradition of English string music; Vaughan Williams tried to intercede on his behalf when Tippett was imprisoned as a conscientious objector in 1943.

During much of Britten's lifetime Tippett was always re*garded as a bit of a musical* eccentric, whose works revealed their true worth only to the cognoscenti. The last decade, though, has seen his stature grow enormously in Britain and the US; his works are regularly programmed, his birthday celebrations at 75 and 80 have been generously comprehensive. Meanwhile Britten's reputation has shown the first signs of falling into the decline that *follows a composer's death.* The fascinating series of previously unpublished works which has come to light has partly staved off that neglect, but still in surveying the schedule for the Britten Tippett Festival one feels the performances of Britten orchestral and vocal works are likely to prove the more valuable, whatever fascinating juxtapositions of styles the programmes offer otherwise.

For as more and more of that early music — "juvenilia" would be far too dismissive a term — has been released the fascinating intricacies of *Britten's development* have been revealed. The range of influences that went into moulding that totally individual language appears to have been enormous; it's quite clear that in the early 1930s Britten knew very precisely what was going on in both Europe and America.

The great might-have-been in the history of 20th-century English music was Britten's chance to study in Vienna with Alban Berg: the conservative counsels of the RCM authorities prevailed and his parents decided it would not be a good idea. But as a number of pieces from that era demonstrate, Britten already knew a good deal of Berg's music, and was equally influenced a few *years later by the American* composers of the time. Before too long somebody would do well to mount a series of concerts attempting to place Britten in an international context, combining his works with the composers from Mahler and Berg to Gershwin and Copland who informed *his* style.

It would have been good had the forthcoming festival tried to place Britten in such a perspective, for Tippett's place in European music (essentially non-exportable, I fear) is quite well defined and widely dis*seminated.* I'm not at all convinced that the placing of the two composers alongside one another will reveal anything very startling, even if it does provide a chance to hear some first-rate and sometimes great music in what promise to be fine performances.

Andrew Clements

Picture the scene

TAKING THE STAGE. Twenty-one Years of the London Theatre.
Photographs by John Haynes, introduction by Lindsay Anderson. Thames and Hudson, £8.95.

John Haynes's photograph of John Gielgud and Ralph Richardson in "Home" by David Storey, directed by Lindsay Anderson at the Royal Court in 1970

WHEN YOU SEE theatre photography in newspapers, you see the fruit of an unseemly half-hour scuffle of photographers vying for position in front of a production teetering on the brink of either success or failure. Press photo-calls loom small in the priorities of producers, directors and actors. Valuable stage time is wasted for these publicity shots which might be better spent focusing lights, rehearsing an entrance, fixing a costume or learning a new line.

The theatre world, in short, underrates the value of good theatre photography in newspapers and magazines, which is where the potential customer first learns of the new shows. Given these humiliating circumstances in which to work, I marvel at the quality of the results produced by such honest toilers in the vineyard as our own Alastair Muir and such colleagues as Donald Cooper, Douglas Jeffrey, Richard Mildenhall and Morris Newcombe.

What you rarely see in newspapers is what a show actually looks like, what is the texture and density of its design. John Haynes's book gives more of an idea, chiefly because Haynes works as a production photographer, servicing mostly the Royal Court, Hampstead and National Theatre for display and publicity purposes, rather than the national press.

Employed by the theatre, Haynes enjoys the privileges of more time and more co-opera*tion in* composing his work. Over the past 20 years he has produced a portfolio of work as evocative as any I know of the London theatre. His involvement and affection for theatre is revealed in his uncanny knack for going to the heart of the work: Jill Bennett and Diana Dors dancing coyly but leggily on the semi-naturalistic setting of Donald Howarth's *Three Months Gone* (1970); Stuart Brisley vomiting on the (unseen) audience below during the Royal Court's Come Together Festival (also 1970); Edward Fox, square peg in a square hole, pirouetting zanily *with that characteristic toothy* pout in Simon Gray's *Quartermaine's Terms* (1981); and Rik Mayall and Jim Broadbent stuck in a Gogolian trance around a ludicrous Mayoral bust in the National's *Government Inspector* (1985).

The essence of a production is distilled, preserved and animated. Some of these images, mostly culled at the Royal Court, have haunted me all my working life: Sheila Scott *Wilkinson driving* a cockscrew into Victor Henry's skull in *AC/DC* (1970); Harry Andrews climbing that amazing scenic wall in Bond's *Lear* (1971); Paul Scofield as the gloweringly dignified kidnapped diplomat in Hampton's *Savages* (1973); and John Normington as the humiliated naked parson in Bond's *The Fool* (1975).

As Lindsay Anderson points out in a fine appreciative introduction, the use of the hand-held 35 mm camera and the influence of Cartier-Bresson, together with the nature of the work itself at the Royal Court, have upturned the static, posed and fussily lit theatre photography of pre-War masters like Angus McBean. McBean's pictures were arty compositions in themselves. Haynes's are part of the experience they set out to define. His work is participatory rather than celebratory and *Anderson is surely justified in* branding him an artist.

At the core of the book are photographs of Anderson's David Storey Court productions: Gielgud and Richardson with Mona Washbourne and Dandy Nichols in *Home*; a rugby scrum of muscular' hearties in *The Changing Room*; and Alan Bates, head cocked and quizzical, in *Life Class.*

I think Anderson is wrong to suggest that today's newspapers would not print full-stage shots of contemporary productions. The choice, anyway, is never there. The Press photographers have to shoot in the "available" light before being bundled *out* into the street. In an ideal world, they should all have read the play, attended a costumed run-through, and should then be offered a morning's facility to set up the shots they require.

Until such conditions are achieved — and they never will be — theatrical photography will remain a skidding, compromised art dignified every now and then by such collections *as John Haynes* has now produced. Perhaps the stage designers should put pressure on their employers to improve the situation, for as one of their number, Ralph Koltai, has often observed in print and in private, the great explosion of talent in post-war British stage design has gone virtually unrecorded in newspapers and books.

One British designer, Philip Prowse of the Glasgow Citizens', has a photographer sympathetic to his intentions who records all his productions in Glasgow. They are superb compositions entirely unsuitable for newspaper reproduction, so the most visually stunning theatre in the land has never been fully represented in the print media. Perhaps John Haynes's book will inspire the theatrical profession to take drastic steps towards correcting this sorry state of affairs.

● *An exhibition of photographs by John Haynes will be mounted by the National Theatre in the Lyttelton foyer on December 1.*

Michael Coveney

Dolls and teds on sale

IF DOLLS are your game. Stamford's the name. The Lincolnshire town is awash with quality dolls; so Sotheby's discovered on a recent advisory day there. Its trawl netted four valuable dolls which come up for auction on Monday and Tuesday. (But be warned from the start: very few dolls, and even fewer Teddy bears have any worthwhile value).

Of the four, the most expensive is likely to be a German doll made around 1909 by Kammer and Reinhardt. It *is* a bisque character doll with red plaits and could make £8,000 because it comes from an unusual mould — the market in dolls is very technical and revolves around particular factories and mould numbers. Two more Kammer and Reinhardt dolls, a rare mulatto boy and a blonde girl, might make £4,000 each, while the fourth Stamford doll, a French Bru Jeune of around 1875, has a top estimate of £6,000.

To the amazement of many people dolls have been one of the great auction success stories of the last decade, with prices soaring to a record £24,400, paid at Sotheby's earlier this year for a *very rare Kammer & Reinhardt* of 1909. The majority of dolls are bought by dealers who pass them on to caring new mothers in the United States and the continent. And, yes, most collectors are middle-aged women.

Two types of *doll command* exceptional prices — the German character dolls in unusual moulds made by companies such as *Kammer & Reinhardt* and Simon and Halbig, and the much prettier French dolls made by Bru, Jumeau, and the mysterious *A. Thuillier. Bunny Campione,* who looks after this sector at Sotheby's, has never sold a Thuiller in London but reckons *that a large 24-inch doll* by this maker could well top £20,000. In recent sales German dolls seem to have the edge over the French. The English, seldom approach even £100 in value (except very old ones).

The average price for a doll at a Sotheby's auction is now £700 although it sells cheaper dolls at its Billingshurst and Chester off-shoots. Christie's South Kensington, which pioneered the market, offers a wider price range and is holding its biggest sale ever on October 23. For anyone who feels a desperate need for a doll this could be the time to buy: an anaemic-looking dollar could keep the Americans away, and *prices in some sectors* have fallen in recent years.

Bargains can be found among Victorian wax dolls, which rarely make more than £500; papier-mâché dolls of the early decades of the 19th century, which are even cheaper; and china dolls of the 1860-90 period. The current obsession with rarities and mould numbers has left lagging behind some of the more appealing dolls. The wooden dolls of the 18th century also seem cheap; Sotheby's is selling next week a most unusual one, which from its shirt and appearance has been given a South American origin and a date of around 1760. But its rarity, and the fine carving of its breasts and buttocks, put a £5,000 potential price tag on it.

The only type of British doll with some commercial appeal is the cloth doll, produced in the early part of this century. Japanese dolls also seem underpriced. But no one could possibly start collecting dolls unless they liked them, and the individual look of a doll must be paramount. Sometimes higher prices are understandable — dolls with blue eyes make more than dolls with brown eyes, for example; sometimes it is just rarity, although condition, and the original clothing, play an important part.

Away from the bargains the most expensive doll on offer at Sotheby's is a Kammer and Reinhardt bisque rare "googly-eyed" doll made in Germany around 1914 and wearing "his" original velvet clothing: it should make £7,000. Rather sadly his partner (anthromorphism is catching), dressed as a girl, is being sold separately, and with a slightly lower forecast.

A rare Kammer and Reinhardt doll, circa 1909

Moving quickly onto Teddy bears, we find a much simpler market. Here only one manufacturer matters, the German Steiff, who made things easy for *collectors by stamping a silver* coloured button in the ear of its output. Unfortunately there has recently been a spate of forgeries, and a prosecution, but things were settled enough earlier this year for Sotheby's to establish an auction record price for a Teddy of £5,200. In 1904 it had cost 18s 9d, but it had not been touched since.

All that matters about your Steiff Teddy is that the fur is in good condition — missing eyes and worn pads can be tackled but not mouldy fur. More bears are brought to the saleroom for rejection than dolls, and wish fulfillment and fanaticism are more at play here than the doll market. It is not *a sector for the hard-headed* investor. Auctions of dolls and other childhood toys are for the converted. If they are happy paying thousands of pounds for a loyal, unquestioning, stable companion no one should quibble — not least the salerooms, collecting their 20 per cent of the price.

Antony Thorncroft

Solution to Chess No. 638

1 R-R (threat 2 R-Q1 mate), K-Q7; 2 R-QN1, B-K1 (plan 3 R(6)-K1, B-R4; 4 R(K1)-Q1 ch, BxR); 3 R-N2 ch, K-Q6; 4 R(6)-K2 and 5 R(N2)-Q2 mate, or here 3 . . . K-Q8; 4 R-QR6 and 5 R-R1 mate.

Records

The truth about Salieri

Salieri. Falstaff. Jozsef Gregor, Mária Zempléni, Dénes Gulyás, Iva Pánczél, István Gáti etc./ Salieri CO and Chorus/Tamás Pál. Hungaroton/Conifer SLPD 12789-91 (three records), also on CD.

Mozart: Le nozze di Figaro. José van Dam, Barbara Hendricks, Lucia Popp, Ruggero Raimondi, Agnes Baltsa, Robert Lloyd, Felicity Palmer, Aldo Baldin etc/Ambrosian Opera Chorus, Academy of St Martin's/Neville Marriner. Philips 416 370-1 (three records), also on CD and cassette.

The name of Antonio Salieri, Viennese court composer in the last decades of the 18th century and, since his death, a minor figure of music history, has been given a cruel push into the limelight by Peter Shaffer's play *Amadeus.* The means employed to do so therein were intellectually distasteful; the composer's shade must be pining bitterly for the honest neglect in which it previously reposed.

Shaffer invented Salieri the worldly-wise artistic mediocrity and Mozart the babbling juvenile of genius; then, not content with these two crass misrepresentations, he pivoted his whole plot on the former's supposed envious hatred of the latter. There is no historical support for any *Salieri-directed* cabal against Mozart—not that looseness with historical fact should ever provide the basis for criticism of *worthwhile* art. But when an entirely respectable but little-known composer of lesser rank like Salieri is yanked *out of obscurity* to serve as the bogeyman of a flimsy, sensation-mongering, *intellectually mediocre* play, then the embroidery of history does begin to show its questionable aspects.

Luckily the revived interest in Salieri, however dubiously engendered, has brought a revival of his operas. The process is still in its early stages, but already it promises to demonstrate conclusively what the 18th-century opera student has already learned — that Salieri was an infinitely more substantial opera composer than Peter Shaffer will ever be a playwright. At this year's Mont*pelier Festival, French Radio* forces gave a concert of *Les Danaides,* a noble French serious opera in the Gluck *mould—no doubt the recording* will turn up on Radio 3 shortly.

Greater rarity still. Hungaroton has recently brought out a *performance of Falstaff* (1799), a comic opera from Salieri's last phase of operatic composition. It provides pleasure, and proves a *valuable point.* Salieri is *not* Mozart; *Falstaff* is not *Figaro.* But it will surely inspire its proper due of admiration; and *its composer will surely do likewise.*

In his day Salieri's international reputation was spread *by those few significant,* grand-serious operas for Paris. In Vienna, however, he worked far more assiduously in the field of Italian comic opera and in related light theatrical genres. *Falstaff ossia le tre burle*—"*Falstaff or The Three Pranks*"—is a two-act *opera buffa* on traditional lines. It is also a work of considerable accomplishment; and the deftness of its musical design and theatrical tailoring is evident from the start. The librettist Defranceschi altered Shakespeare far more than Mosenthal was to do for Nicolai, or Boito for Verdi. Anne, Fenton, and Caius are removed, and with them the love interest; the three *pranks of the subtitle* are the three occasions engineered by Mrs Ford (who in one of them acts as her own *Quickly) to bring down* the amorous schemes of Falstaff.

There is a finale in Windsor Forest, and it is here that *Salieri's musical imagination is* most obviously alert—the line of recitative, accompanied song, and the concerted numbers of varying sizes is beautifully seamless, the dramatic atmosphere touched off by means small and large. But *elsewhere* there is no shortage of bright good humour or Italianate singing lightness in the vocal line or in the slender, expert orchestration (the repeated instrumental gurgle that tells of Falstaff's plunge into the Thames is a happy example).

This is, of course, an *opera buffa* in the classical manner. This means that numbers are plentiful, short, never too elaborately worked; that for the most part airs and ensembles *are simple and singable (of the* marvellous tiny duet for Mrs Ford and Mrs Slender, "La stessa, la stessissima," Beethoven made a famous set of keyboard variations); and that nothing stirs the emotions too uncomfortably (though the jealousy outbursts of the tenor *Ford are sufficiently eloquent* of mood and situation). One innovation that retains its special savour is the Viennese-accented bilingual (and at moments trilingual) gabble in which Falstaff and Alice, disguised as her own German servant, conduct their interview: "Ich bissel deutsch, du bissel nostra lingua . . . So très bien miteinander explichieren."

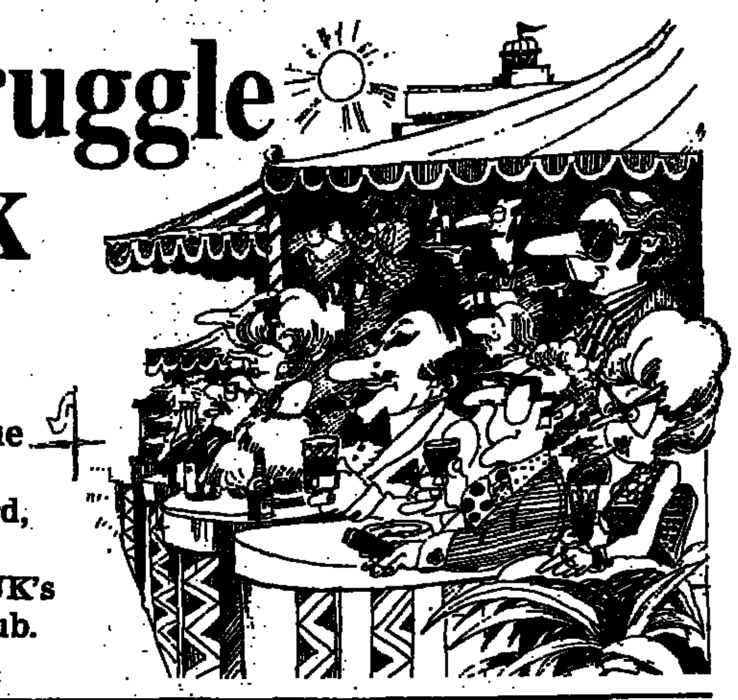
Provided that expectations are judiciously adjusted, this *Falstaff* will afford the opera explorer a choice entertainment. The Hungarian performance boasts no world-class voices, with the possible exception of Denés Gulyás, a Covent Garden Rodolfo; as Ford (and he tends to sing Salieri as if he were Puccini). All the cast slip a little too readily into stock *buffo* manners; the Italian accents (with "kvi" and "kvello" a general failing) are pungently Magyar. But the sense of fun is infectious, and the pacing, playing, and balance of the performance under Tamás Pál maintain exactly the right spirit. Once again a new opera recording by Hungaroton comes to show up the staid predictable ways of the bigger international record companies.

The trouble with Salieri and composers of similar stature is . . . Mozart! A new *Figaro* recording arrives to make that point as plainly as the *Falstaff* recording makes its. Even in a performance that disappoints high expectations as regularly as does the Philips under Neville Marriner, the transcendental *opera buffa* manages to "*place*" *Salieri more precisely* than any textbook, or any "middlebrow monument to Mozart made of meringue" (Martin Hoyle's phrase for *Amadeus* on Thursday's page), could ever do.

The conductor himself is the weakness. The cast is strong—Raimondi's Count (grey-toned and passingly insecure of tuning but bitingly Italianate) and Baltsa's Latin-tempered Cherubino (no longer smoothly sung but adorably piquant of manner) provide points of exceptional interest. The orchestral playing is wonderful; the accompaniment of voices is sure; the recording balance is excellent. But Marriner exposes a lack of operatic nous at every point where the theatrical nexus of *Figaro* begins to develop its many-stranded intricacy. The great Act 2 and 4 finales strike and sustain a subtly wrong tempo for each new piling-on of incident; for this reason the movements fail to build, there is no cumulative elation. Beautifully - turned moments abound. But the point about *Figaro*—the supreme point—is that it is more than just the sum of its moments.

Max Loppert

Soccer's hard struggle to win back the fans



Are English soccer fans getting value for their money? Michael Thompson-Noel visits Hereford, in the depths of Division Four, while Philip Coggan visits 'Spurs, the UK's only Stock Exchange-listed soccer club.

AT 10 am on a grey September morning Hereford, near the Welsh border, is a sluggish rural backwater struggling fitfully to life. The cathedral broods morosely—it needs £1m 'urgently'—while a meddlesome Dalmatian barks at a policeman. Many shoppers are in tweeds or shooting jackets and are piling their purchases into Mercs or Volvos with silver statuettes of racehorses or leaping salmon perched rakishly on the bonnet.

In short, we are at one of the outermost fringes of the English Football League, and thus many miles removed from the great conurbations that give the League life. We are here to watch Hereford play Burnley in a Division Four encounter, and to ponder if minnows like these have any role to play in the hoped-for renaissance of English professional soccer.

After all, the image of the pro game as a decrepit cloth-cap entertainment battered by thuggery, leeched by greed and seriously fatigued by the struggle of the biggest clubs to prop-up the small, is one not expunged easily. Of all the accusations levelled at the game, the two with omnibus appeal to the broadest range of critics are the charge that pro soccer's biggest problems (violence apart) are the tottering edifice of the League structure itself; and the belief that the game will never flourish until the fans get value—exciting entertainment in comfortable stadiums where a family feels welcome.

Timorous reforms are in train, but the prospect of a breakaway SuperLeague of the richest and ablest has probably not receded. In the meantime: who needs Hereford, or rather Hereford FC, or rather Hereford United Football Club (1939) Ltd and its exotic subsidiaries, which include Hereford United Football Club (1932).

Fourteen years ago, Hereford vaulted from outer darkness into Division Four, went straight into the Third, progressed to the Second, enjoyed its hour of supernatural glory, was relegated by a single point, and sank back down to the wilderness of the Fourth where we find it today—blasted by the winds of Thatcherism and its own financial crises but somehow, grimly, still in one piece.

As kick-off time approaches for the Hereford-Burnley game, supporters file in slowly. All is plastic and concrete and corrugated iron, though the stadium is not particularly seedy and certainly not dirty. The worst vandalism, I am told, occurs in the female lavatories: "You wouldn't believe your eyes." There are some half-hearted ads—Strongbow, Toshiba, Wye Finance—round the Edgar Street ground, and some pretty weedy lighting. I form the impression that scores of fans are having fun elsewhere, around the corner, up a ladder—but at 2,796 the game's attendance proves only marginally below last season's average.

About 150 Burnley fans are penned in their own enclosure where they have raised two Union Jacks, but they do not look dangerous. "We don't get much trouble," I am told in the press box. "Usually, they're kept in their pen till the home fans have gone; then they're loaded straight on coaches." Today, the home crowd is placid. I hear very few *& c*'s and certainly no ?%c***'s, although late in the second half someone shouts from the stand: "Get that bloody cuckoo off!"

Like many a League club, Hereford has lived dangerously in recent years. In 1981, its loss was £141,701. In March 1982 it was advised to liquidate itself, but the board was determined and continued trading. However, Hereford is still on the rack. Since 1982 it has just about made money, but its income from pools has fallen so that ticket prices this season have been boosted by about a quarter. Entry to the terraces costs £2.50, and a seat in the stand £3.75. Last season, Hereford spent £80,000 on ground safety and improvements, which just about equalled its present net profit from commercial activities.

Capacity at Edgar Road is 12,000. There are 16 full-time professional players—it used to be nearly 30 — costing a gross £4,300 in wages every week. The population within a 30-mile radius of Hereford is about 250,000, but a surge in petrol prices can hit attendances hard.

To stay afloat, says director David Vaughan, Hereford—like other minnows—must wheel and deal. In the close season it sold two players, Chris Price and Paul Maddy, for about £30,000; and bought one, Steven Spooner, from Chesterfield for £7,000.

Vaughan, a local builder, says that small clubs like Hereford are "all part of a jigsaw. Players have to come from somewhere, so we're a breeding ground. It's important that clubs like us be a part of the scene, and there's always a chance that we can make it to the First Division."

He looks sceptical when I quizz him about value for money. "OK. Most of our facilities tend to be basic. But I think that people support their local soccer team come hell and high water. Suppose we really upgraded our facilities. Would we get a good return for ,the money? I doubt it. For the first time this year we devised a very advantageous deal on season tickets for one adult plus one to two children. We sold just one of these special tickets."

Out on the pitch, the game in progress is clearly professional but weak in all ball skills (the story of English soccer). Neenan, the Burnley goalie, looks hugely ambivalent about anything in the air, but the home side don't notice. In the Hereford attack, Ollie Kearns (last season's top scorer: 19 goals in all) is blond and rangy and intelligently useful; swarthy Stewart Phillips is fast and heavy-thighed; and Spooner is proving boisterously effective. Half-time: 0-0. In the second half Burnley quickly sag, and in the 71st minute Spooner breaks the deadlock with a well-struck goal, his fourth in six games. Shortly afterwards, following a fine run by Carter, Kearns hit a second goal low to Neenan's right. "We made problems for ourselves," says Hereford manager John Newman, "but the players kept going until they got it right."

In the boardroom, I am given an egg sandwich and told by chairman Peter Hill that Hereford is financially "nearly sound."

I leave the ground. Outside the town, rain whips the hops. The game I saw was light years removed from raucous Euro-soccer, or £3m transfer fees, or the world of mistresses and agents, or the big-money stratosphere of mass entertainment. But on the League's Celtic fringe, it made some modest people happy.

"I WISH you had AIDS, linesman!" boomed the voice behind me. Sadly, although I had paid £9 to sit in Tottenham Hotspur's main stand, there was no escape from what passes for wit in north London.

That comment was one of the few printable outbursts from a man sited close behind my left ear. Each remark was delivered at a decibel level that would have put the Rev Ian Paisley to shame, and most contained an expletive.

The loudmouth apart, there was little to discourage those of a nervous disposition from attending White Hart Lane. Admittedly, grandchildren of Mrs Mary Whitehouse might have had their vocabularies enlarged. But the many small boys around me showed no surprise at the language used, having already benefited, no doubt, from a course in playground Anglo-Saxon.

Just over a season ago I attended the same ground—but on the terraces—to watch a top-of-the-table match between Spurs and Everton. Conditions on that occasion could have been comfortable only for those who had spent a season or two in the defensive line of the Chicago Bears. The crowd surged forward and back; the crush barriers did just that to those nearest to them. Beside me, two youths spent the entire game shouting threats at the Everton supporters. Never have I seen faces so contorted with hate.

Things were different for the recent Spurs v Manchester City game. From the main stand, the terraces where I had previously stood were just a blur, and the crowd's swaying and gesticulating no more threatening than the rocking of trees in a wind. No one seemed violently inclined.

Perhaps this was because of the impressive security arrangements. A mounted policeman shepherded the ticket queue; a vanful of police motored slowly past the ground, eyeing each spectator with suspicion. No one was on hand, alas, to arrest the man with two children who pushed in front of me in the queue, but he was the only "offender" I spotted all afternoon — even on the pitch, where the referee's notebook was not required.

The biggest danger came from the weather. At 10p a minute for the footballing entertainment, a dry seat did not seem much for which to ask: but Clause 2 on my ticket informed me that "the club accepts no responsibility if the seat is affected by adverse weather conditions." After the steward had added cheerfully that rain usually swept in from the open side, I spent most of the game with a wary eye on the clouds above.

That was my only complaint about the football peripherals. The queue for tickets was short and processed speedily by the new computerised system, although there was still a turnstile to be negotiated. The coffee bar, although designed oddly to resemble a Customs hall, was reasonably cheap at 35p a cup; and for once at a football match I did not wish I had put on my Wellingtons before visiting the lavatories.

Tottenham Hotspur is the UK's only Stock Exchange-listed football club, so it has shareholders as well as fans to whom it must answer. Ever since Spurs was listed in 1983 the shares have lagged behind the offer price of 100p, and in the first half of this year the club reported a pre-tax loss of £628,000. Despite the management's plans at the time of the flotation to create a broad-based leisure group, the profit and loss account depends firmly on Spurs' ability to attract people through the turnstiles.

Attendance at the Manchester City game was 23,764, an improvement on the average gate of 20,859 last season but less than half the ground's 48,200 capacity. However, the real profits are garnered in the executive boxes from which tycoons can peer through smoked glass at the assembled *hoi-polloi*.

And what of the game itself? It was not the sort that old men will recall wistfully 50 years from now. Manchester City, who took the field in a curious black-and-white outfit that made them look like refugees from the cast of Chess, appeared to be playing for stalemate. They operated with five at the back, using the very impressive Redmond as sweeper.

Spurs ran busily in front of the City defence. Galvin, Waddle and Chiedozie were all playing wide; and with Mitchell Thomas having little to do at the back, Tottenham effectively had four wingers.

The Spurs crowd are more prone than most to favouritism. There was, thus, little chance of them losing patience with Hoddle, who has cheered many a freezing February afternoon. The all-action Stevens and the solid Clemence were also popular and Gough, by adding a welcome composure to the back four, was fast becoming so. Waddle, alas, does not seem to excite North Londoners' affection. With an electrifying burst he can turn a match; but all too often he seems merely to lose the ball.

Whether Waddle will ever win the hearts of White Hart Lane is open to question, but Roberts did so years ago. He it was who solved the problem of City's defence by running straight at the goal and hammering the ball into the corner of the net, thus punishing Manchester for their lack of ambition.

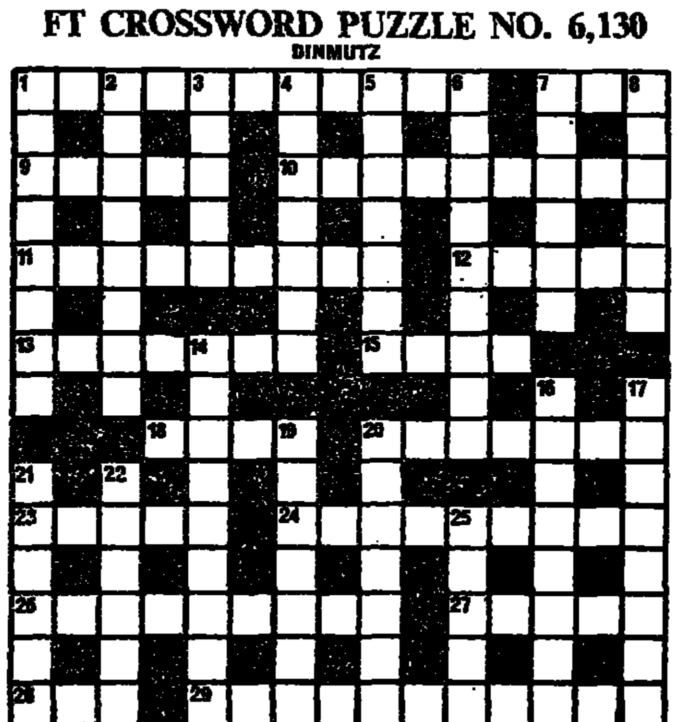
Did the game I saw offer value for money? By a happy coincidence, I recently spent much the same amounts of money attending the Test match at the Oval and the American football at Wembley, so it is possible to make a rough comparison. At the cricket, I was given four times as many hours of entertainment and a seat. At the American football, I was given twice as many hours, with no seat, but I was under cover (Ironically, I was soaked to the skin walking up Wembley Way).

The American game also featured the Dallas Cowgirls, for whom Tottenham's tape recording of Doris Day singing Que Sera was not an adequate substitute. On purely sporting comparisons, then, soccer came out unfavourably—and that is even before you consider that £9 would buy 2½ hours of a West End play or ballet or entrance to two separate films.

However, those who are sounding the death knell for soccer should remember that a crowd of 20,000 at any event is a remarkable achievement. And the faithful still watch because, next week, Hoddle and Waddle will make it a doddle. Next week . . .

FT CROSSWORD PUZZLE NO. 6,130

DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

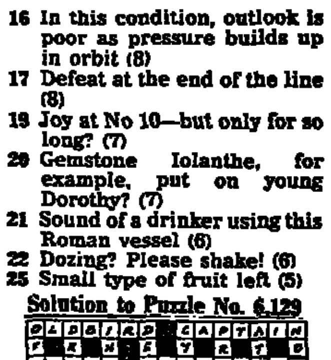
ACROSS

1 Proverb going round in the timber-yard? (8-3)
7 Bribe for a silly fellow (3)
9 Moved gently, as in river flowing back (5)
10 Marathon runner in London? (9)
11 Reliable processed-dates firm (9)
12 Plane-crash in mountainous country (5)
13 How to describe "formic" as remedy for indigestion? (7)
15 Fashion obsession (4)
18 Jam a bit short for the alliance (4)
20 Two girls spelling trouble, possibly, for housemaid (7)
23 A Doll's-House maker, Ben, is in trouble (5)
24 Parent rue collapse of transport (9)
26 Sort of flag after such a career? (9)
27 A levy raised for Bikini, perhaps? (5)
28 Small explosive sound made by the weasel (3)
29 Old animal to shake for a drink (11)

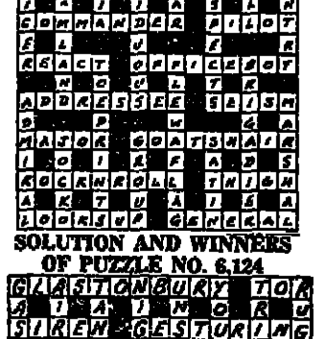
DOWN

1 Bishop, in this capacity, sticks to his colour (8)
2 Magritte's sorrowful period produced this painter's reversal (8)
3 One in France worked but brought ruin (5)
4 A jolly group displayed on a sleeve (3-4)
5 A constitutional nature's changed (7)
6 Tiny I down for Wednesday's evening, say? (9)
7 Thinly-spread butter and jam (6)
8 Visionary apples for students (6)
14 Variety of clean dual-marigold (9)
16 In this condition, outlook is poor as pressure builds up in orbit (8)
17 Defeat at the end of the line (8)
19 Joy at No 10—but only for so long? (7)
20 Gemstone Iolanthe, for example, put on young Dorothy? (7)
21 Sound of a drinker using this Roman vessel (6)
22 Dozing? Please shake! (6)
25 Small type of fruit left (5)

Solution to Puzzle No. 6,129



SOLUTION AND WINNERS OF PUZZLE NO. 6,124



Mrs J. Jarvis, Stamford, Lincs; Mr A. Ryan, Bournemouth, Dorset; Mr H. Kimm, Pulborough, Sussex; Mr C. White, Mickleover, Derby; Mr Keith Rothery, Rugby, Warwickshire.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1
8.30 am The Clangers. 8.40 The Family-Ness. 8.45 The Saturday Picture Show. 10.55 Wait Till Your Father Gets Home. 11.15 Film: "Tarzan's Revenge." 12.30 pm Grandstand, featuring 1.00 News; Volleyball (Royal Bank Cup); Motorcycling (British Motorcycle Championships); Rallying (Tudor Webasto Manx Rally); Racing from Newbury; Football (preview of tomorrow's clash between Everton and Manchester United and Final Score at 4.40). 5.05 News. 5.15 Regional programmes.
5.20 Roland Rat—The Series. 5.45 Doctor Who. 6.10 The Noel Edmonds Late Late Breakfast Show. 7.00 Every Second Counts. 7.35 The Russ Abbot Show. 8.05 Casualty. 8.55 News and Sport. 9.10 Film: "Blue Thunder." 10.55 Blott on the Landscape. 11.55 Film: "Out of Season" starring Vanessa Redgrave.

BBC 2
12.00 pm Film: "The Man Who Came to Dinner" starring Monty Woolley, Bette Davis, Ann Sheridan, Billie Burke and Jimmy Durante. 3.50 The Sky at Night. 4.10 World Chess Report. 4.40 Championship Darts. 5.20-6.30 am Rock Around the Clock: Concerts, movies, studio sessions, documentaries, surprise guests and competitions presented by Mark Ellen, Andy Kershaw, Janice Long and Ro Newton in BBC2's annual all-nighter from Television Centre and the Town and Country Club, Kentish Town. Breaks at 7.20 for NewsView and 10.25 for further Darts coverage.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Knight Rider. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Comedy Classic: The Cuckoo Waltz. 2.45 Boxing. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Copy Cats. 7.45 3-2-1. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 LWT News Headlines followed by Murder, Mystery, Suspense: "Last Embrace" starring Roy Scheider. 11.55 Bliss in Concert. 12.25 am The Bikini Story. 1.05 Night Thoughts.
[illegible] SHR CM SHR CMF SHRD

CHANNEL 4
1.30 pm Channel 4 Racing from Ayr. †3.00 "Remember the Night" starring Barbara Stanwyck stars. 4.45 The Three Stooges. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 The Faiths Next Door. 7.30 News Summary followed by Travelling Light. 8.30 Paradise Postponed. 10.00 Hill Street Blues. 11.00 Saturday Almost Live. †12.00 "Murder at the Vanities" starring Carl Brisson and Kitty Carlisle, with Victor McLaglen.

S4C WALES
1.30 pm Racing from Ayr. 3.00 Equinox. 4.00 Oil. †5.00 Feature Film: "Dance Hall" starring Natasha Parry, Jane Hylton, Diana Dors and Petula Clark. 6.30 Pillar of Fire. 7.30 Newyddion. 7.45 Talent-lau. 8.15 Rosalind A Myrddin. 8.45 Dyddie Da? 9.30 Y Mass Chwarae. 10.15 Budgie. †11.15 Feature Film: "The Lost Weekend" staring Ray Milland with Jane Wyman.

IBA Regions as London except at the following times:—

ANGLIA
11.00 am Captain Scarlet and the Mysterons. 11.30 Jack Holborn. 11.50 That's Hollywood. 12.15 am At the End of the Day.

BORDER
11.00 am Greatest American Hero. 11.55 pm Freeze Frame.

CENTRAL
10.00 pm The Alistair MacLean Thriller: "Bear Island" starring Donald Sutherland, Vanessa Redgrave, Richard Widmark and Christopher Lee. 12.15 am Music Special: The Style Council in Concert. 1.15 Central Jobfinder.

CHANNEL
11.00 am Fangface. 11.30 Terrahawks. 11.59 Today's Weather. 12.05 am After Midnight: Judy Tzuke.

GRAMPIAN
11.00 am The Fall Guy. 11.50 pm Elkie Brooks in Concert. 12.35 am Reflections.

GRANADA
11.05 am The Beverly Hillbillies. 11.30 Terahawks. 2.15 pm Benson. 11.50 Willie Nelson Special with Ray Charles. 12.50 am Tales from the Darkside.

HTV
11.00 am UFO. 11.58 HTV News. 10.00 pm Club Rugby (Bristol v Swansea). 10.45 "Last Embrace" starring Roy Scheider.

SCOTTISH
11.00 am Jayce and the Wheeled Warriors. 11.30 Captain Scarlet and the Mysterons. 11.55 pm Late Call. 12.00 Aliens—James Cameron—A Director and His Work.

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.05 Otherworld. 11.57 TSW News. 5.05 pm Newsport. 5.10 Connections. 5.40 The A-Team. 11.55 California Highways. 12.20 am Postscript.

TVS
11.00 am Fangface. 11.30 Terrahawks. 11.57 TVS Weather. 11.50 pm Judy Tzuke. 1.30 am Company.

TYNE TEES
11.00 am The Flintstone Frolics. 11.30 Terrahawks. 11.55 pm "Minnie the Moocher." 12.50 am Epilogue.

ULSTER
11.00 am Felix the Cat. 11.58 Lunchtime News. 4.55 pm Sports Results. 5.03 Ulster News. 8.57 Ulster News. 11.50 Arcade. 12.15 am News at Bedtime.

YORKSHIRE
11.00 am Planet of the Apes. 11.50pm Festival Folk (Stockton's Wing). 12.20-6.00 am Music Box.

Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time with Tim Rice. 1.00 pm The Good Human Guide. 1.30 Sport on 2 including Football; Racing from Newbury; Golf (The Lawrence Batley Tournament Players Championship): Motor Racing (final practice for tomorrow's Portuguese Grand Prix) and at 5.00 Sports Report. 6.00 Sports Quiz Kid. 6.30 The Press Gang. 7.00 Three in a Row. 7.30 Saludos a Espana from the Royal Festival Hall, London. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Jean Challis presents Nightride. 3.00-4.00 Nording Rendezvous.

BBC RADIO 3
7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.30 Philadelphia Orchestra conducted by Riccardo Muti: Berg, Bloch, Beethoven (12.25-12.30 pm Interval Reading). 1.00 pm News. 1.05 Granados—Yonty Solomon plays the 'Goyescas' for piano. 2.05 Delme String Quartet—Mozart's Quartet in D (K 575) and Sebastian Forbes' Quartet No. 3. 3.00 "La Boheme," Puccini's opera in the 1956 recording conducted by Beecham, with Victoria de los Angeles, Robert Merrill and Jussi Bjorling (in Italian). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Italian Violin Sonatas. 7.10 On With the Dance (Poetry and prose). 7.30 Brahms: Berlin Radio SO conducted by Riccardo Chailly, with Alexis Weissenberg (piano), part 1: Piano Concerto No. 2. 8.20 The German Puzzle. 8.40 Brahms: Symphony No. 2. 9.30 Alberni String Quartet: Maxwell Davies, Britten (No. 1). 10.10 Thomas Tallis (recital by The Sixteen). 11.10 The Jazz Pianist: Keith Tippett. 11.57-12.00 News.
VHF only—Rock Around the Clock (early hours of Sunday morning). 1.10-2.15 am Dire Straits: Alchemy (simultaneous broadcast with BBC2).

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4 with David Coleman. 8.57 Weather; Travel. 9.00 News. 9.05 I'm Sorry I Haven't a Clue (S). 9.35 Adventure. 9.50 News Stand. 10.05 Conference Special. Conservative MP Richard Ryder reports on the SDP Conference in Harrogate. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News; A Small Country Living. 12.27 pm After Henry. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S) 3.30 News; Travel; International Assignment. 4.00 The Saturday Feature: The Countryside in Autumn.
4.45 I Should Say So. 5.00 The Living World. 5.25 Delve Special. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Facing the Music (S). 7.00 Saturday-night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Good Book. 11.00 Science Now. 11.30 The Million Pound Radio Show. (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Aristocrats 11.20 Cameo. 11.30 Three In The Wind. 12.00 Cartoon 12.05 pm Sign Extra. 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week 2.00 EastEnders. 3.00 Match Of The Day Live: Everton v Manchester United. 4.55 The Pink Panther Show.
5.15 The Dukes Of Hazzard. 6.00 Pet Watch. 6.30 News. 6.40 Songs of Praise from Guernsey. 7.15 Ever Decreasing Circles. 7.45 Howard's Way. 8.35 Only Fools and Horses. 9.05 The Monocled Mutineer. 10.40 News. 10.55 Heart of the Matter. 11.30 Discovering Animals.

BBC 2
2.10 pm The Pasadena Roof Orchestra †3.00 Film: "The Sea Hawk," starring Errol Flynn, Flora Robson, Claude Raines and Brenda Marshall. 5.00 Grandstand Special. 6.30 Championship Darts. 7.15 Birds For All Seasons. 8.10 Opera Roadshow. 9.05 The White Tribe of Africa. 9.55 Highlights of the Portuguese Grand Prix. 10.30 Championship Darts. 10.55-12.45 am Film: "Diner."

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London 9.35 Roger Ramjet. 9.45 Porky Pig. 10.00 Morning Worship. 11.00 Getting On. 11.30 Working for a Better Life. 12.00 Weekend World. 1.00 pm Police 5. 1.15 European Folk Tales. 1.30 The Smurfs. 2.00 One God . . . Three Gods. 2.30 LWT News Headlines, followed by "Revenge Of The Pink Panther," starring Peter Sellers, Herbert Lom and Dyan Cannon.
4.30 The Campbells. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Appeal 6.45 Highway 7.15 Child's Play. 7.45 In Private, In Public: The Prince and Princess of Wales. 8.50 "Love With A Perfect Stranger," starring Daniel Massey. 10.40 News. 10.55 Father Time. 11.55 LWT News Headlines, followed by American Documentary. 1.00 am Night Thoughts.

CHANNEL 4
1.00 pm Irish Angle. 1.30 Ever Thought Of Sport? 2.00 Everybody Here. 2.30 Strands. 3.00 All Ireland Football Final: Tyrone v Kerry. 5.00 Modulations. 5.15 News Summary followed by Fifties Features — The Women Behind The Pictures. 6.00 American Football. 7.15 Chasing Rainbows — A Nation And Its Music. 8.15 Pillar Of Fire. 9.15 The Gospel At Colonus. †10.55 "Mandy," starring Phyllis Calvert, Terence Morgan and Mandy Miller.

S4C WALES
2.05 pm Changing Times. 2.30 Gardeners' Calendar. 3.00 All Ireland Football Final. 5.15 The Mind Of David Bergles. 6.00 American Football. 7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Pwy Sy'n Perthyn? 8.35 Dachrau Canu, Dachrau Canmol. 9.05 Cledwyn. 10.05 Syd Cardd. 10.55 Paradise Postponed.

IBA Regions as London except at the following times:—

ANGLIA
9.25 am El Pueblo. 11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 5.00 Crazy Like A Fox. 6.00 Bullseye. 11.55 Tales From The Darkside. 12.25 am From Cradle To Glory.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Farming Outlook. 1.30 Whiskers and Wet Noses. 5.00 The Fall Guy. 6.00 Bullseye. 6.30 ITN News and Border Weather.

CENTRAL
9.25 am Adventures of the Blue Knight. 9.35 The Incredible Hulk. 1.00 pm Gardening Time. 1.30 Here and Now. 2.30 "The Blue Max" starring George Peppard, James Mason, Ursula Andress and Jeremy Kemp. 5.25 Cartoon Time. 5.30 The Campbells 6.00 Bullseye. 11.55 Riptide. 12.40 am Jobfinder.

CHANNEL
9.25 am Today's Weather. 9.25 Starting Point. 9.30 Les Francais Chez-vous 1.00 pm Survival. 1.30 Ice 1.45 Video Club. 5.00 Chips. 5.55 Bullseye. 6.25 Channel News Headlines. 11.45 Comedy Tonight.

GRAMPIAN
9.25 am Max The 2,000 Year Old Mouse. 9.35 The Third Testament. 10.30 Perspectives. 1.00 pm Farming Outlook. 1.30 Sporting Allstars. 5.30 Scotsport. 11.55 Tales From The Darkside. 12.25 am Reflections.

GRANADA
9.25 am Max The 2,000-Year-Old Mouse 9.30 Sylvia Read and William Fry. 11.00 Working For A Better Life. 11.25 Aap Kaa Hak. 11.30 Gurkhas Of Nepal. 1.00 pm UFO. 5.00 The Love Boat. 6.00 Bullseye. 11.55 Off The Rack.

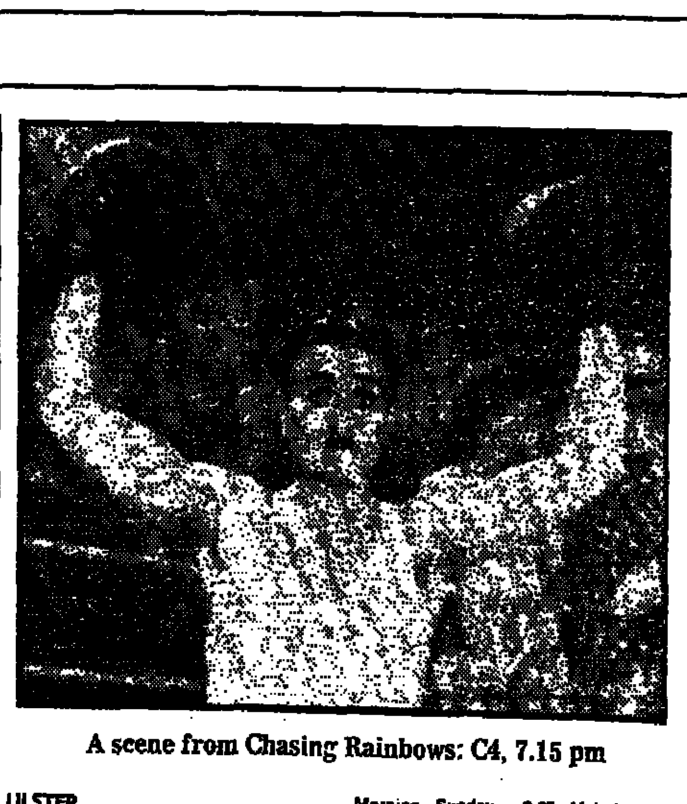
HTV
9.25 am Max The 2,000-Year-Old Mouse. 9.30 Robostory. 1.00 pm Gardening Time followed by Weather for Farmers. 5.30 Who's The Boss? 6.00 Bullseye. 6.38 HTV News. 11.55 Short Story Theatre.

SCOTTISH
9.25 am Best Friends. 9.30 Farming Outlook. 10.00 Zoo Talk. 10.05 Sunday Documentary. 10.30 One God . . . Three Gods. 1.00 pm The Glen Michael Cavalcade. 2.00 Come Wind, Come Weather. 4.20 Cartoon. 5.30 Scotsport. 11.55 Late Call. 12.00 Special Squad.

TSW
9.25 am Getting On followed by Getting On . . . Plus. 11.00 Working For A Better Life. 11.30 The South West Week. 1.00 pm The Protectors. 1.30 Farming News. 4.30 Gardens For All. 5.27 Gus Honeybun's Magic Birthdays. 5.30 The Campbells. 6.00 Bullseye. 6.35 TSW News. 11.55 The Duck Factory. 12.20 am Postscript Postbag.

TVS
9.25 am Cartoon Time 9.35 The Smurfs. 1.00 pm Survival. 1.30 Enterprise South. 5.00 Chips. 5.55 Bullseye. 6.25 TVS News. 11.55 Comedy Tonight: The British Are Coming. 12. 25 am Company.

TYNE TEES
9.25 am Morning Glory. 9.35 Jack Holborn. 9.55 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Northern Life—Sunday Edition. 5.00 Regional News. 5.05 Doug Henning's World Of Magic. 6.00 Bullseye. 11.50 Epilogue.



A scene from Chasing Rainbows: C4, 7.15 pm

ULSTER
9.25 am Cartoon Time. 9.30 The Beverly Hillbillies. 12.58 pm Lunchtime News. 1.00 Gardening Time. 1.30 Farming Ulster. 1.58 Farming Weather. 4.20 Cartoon. 5.00 Candid Camera. 5.30 Lakeland Games. 6.00 Bullseye. 6.38 Ulster News. 10.52 Ulster News. 11.55 Live at Wilebski's. 12.20 am Sports Results 12.25 News at Bedtime.

YORKSHIRE
9.25 am Getting On. 11.30 Farming Diary. 1.00 pm Simon and Simon. 4.20 Cartoon Time 5.00 Fifty : Fifty. 6.00 Bullseye 11.55 Early Beatles. 12.45 am Five Minutes. 12.50-6.00 pm Music Box.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington 2.00 pm Benny Green 3.00 Nights at the Paris Olympia. 4.00 Vilem Tausky conducts the Langham Orchestra. 4.30 You Can Sing The Next Song. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 It's A Funny Business. 7.30 Grand Hotel direct from Broadcasting House, Glasgow. 8.30 Sunday Half-hour from Westborough Methodist Church, Scarborough. 9.00 Your Hundred Best Tunes, introduced by Alan Keith 10.05 Songs from the Shows. 10.45 Simon McCheane at the piano. 11.00 Sounds of Jazz with Steve Voce 1.00 am Joan Challis presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Vivaldi's Venice 8.00 Edwin Fischer: Mozart's piano Concerto No. 20 and Haydn's Symphony No. 104. 9.00 News 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Pascal Roge piano recital: Bach, Brahms: 12.05 pm Interval Reading: 12.10 Beethoven. 12.45 Edinburgh International Festival 1986. Claudio Abbado directs the Chamber Orchestra of Europe in Prokofiev, Haydn, Wagner and Beethoven (1.25-1.30 Interval Reading). 2.30 Northern Sinfonia Ensemble directed by George Malcolm (piano): d'Indy, Mozart, Gounod. 3.30 Borodin String Quartet. Beethoven (Op 132): (4.15 Interval Reading): 4.20 Shostakovich. 5.05 Walton Conducts Walton: Suite: Facade. 5.30 The Harlequin Years. 6.15 Sir Hamilton Harty Conducts, Berlioz and Walton. 7.15 Liszt and the piano: Piano recital by Kun Woo Paik. 7.45 The German Puzzle. 8.05 Bruckner: Symphony No. 8 conducted by Gunter Wand. 9.30 In the Underworld. 10.00 Langham Chamber Orchestra conducted by Leo Brouwer. Copland, Brouwer (Concertoelegiaco with Julian Bream). 11.00 Benny Goodman: Records of Weber (mono) and Mozart. 11.57-12.00 News.

BBC RADIO 4
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Jimmy Young talks, for the Week's Good Cause, about the National Association for the Welfare of Children in Hospital. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service from Netherlee Parish Church, Glasgow. 10.15 The Archers (omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time 2.30 Globe Theatre (S) 4.00 News: Origins. 4.30 The Natural History Programme 5.00 News; Travel. 5.05 Down Your Way visits Chesterfield in Derbyshire.
5.50 Shipping Forecast. 5.55 Weather 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Nostromo (S). 8.00 A Good Read 8.30 The Maestro (S). 9.00 News; Rambles in Ireland. 9.30 Going Home. 9.55 Weather; Travel. 10.00 News. 10.15 Workforce. 11.00 Seeds of Faith (S). 11.15 Music From The People (S). 11.45 Eye Witness. 12.00-12.15 am News.